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Pepperdine University
Graduate School of Education and Psychology

STUDENT LOAN DEBT IMPLICATIONS FOR HISPANIC STUDENTS WHO HAVE
GRADUATED FROM COLLEGE

A dissertation submitted in partial satisfaction
of the requirements for the degree of
Doctor of Education in Organizational Leadership

by

Eric Rodriguez

June, 2016

Ray Valadez, Ed.D. – Dissertation Chairperson

This dissertation, written by

Eric Rodriguez

under the guidance of a Faculty Committee and approved by its members, has been submitted to and accepted by the Graduate Faculty in partial fulfillment of the requirements for the degree of

DOCTOR OF EDUCATION

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DEDICATION

This dissertation is dedicated to Jesus who is Lord of my life, who was there each day of my life in days of weaknesses and days of strength.

I also dedicate it to my family. Erika, thank you for encouraging me during those tough times. To my father, Adelio, thank you for being such a hard working man who always has encouraged me to work hard towards success. To my mother, Yolanda: although you are no longer here I draw inspiration from you. To my sister and brother, Inga and Silas, thank you for supporting me in so many ways.

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ABSTRACT

This quantitative correlational non-experimental study examines some major implications of student loan debt that Hispanics face upon graduation from institutions of higher learning. It provides both descriptive and correlational statistics to help view how Hispanics differ from non-Hispanics graduate students in their plight to live the American dream of social mobility. Hispanics now represent over 50 million and are the fastest growing (43% between the 2000 and 2010 U.S. Census) segment of the U.S. population.

The belief that gaining a college degree will enhance social mobility may in fact impede it, or at least, delay it for Hispanics. With the increase in borrowing to gain college access, Hispanic families may face financial constraints impeding social mobility. This study explores the surveys conducted (2008–2012) by the National Center for Education Statistics and consisting of approximately 13,500 students in postsecondary schools across the United States. The statistical analysis suggests that for Hispanic student graduates in higher education there may be a relationship between student loan debt and financial difficulties, including home affordability, getting married, and having children. The analysis explores the differences between Hispanics and non-Hispanics along these four dimensions.

Additionally, this study suggests several leadership practices as a way of influencing initiatives that may help address student loan debt for Hispanics. Recommendations for additional research include assessing measures that address the rise in borrowing by Hispanic graduates.

Chapter 1: Introduction

Background

In 1965, legislators introduced the Guaranteed Student Loan program (later renamed the Stafford Loan Program). Under Title IV of the Higher Education Act, the Stafford Loan Program would create assistance to disadvantaged individuals desiring to attend college. While servicing the disadvantaged person was the primary reason for its creation, the loan program served other multiple goals. Also, it was geared to target carefully the neediest students and assist them with federal grant monies. An additional aim was to assist middle-income students by providing them with a convenient source of aid. This assistance served as an introduction and encouragement for private lenders, or banks, to lend to students. The Stafford Loan Program's intention was never to assist or aid the poor. Instead, it was to assist those who earned a somewhat greater income and who did not qualify to receive grant monies (Mumper & Ark, 1991).

According to Mumper and Ark (1991), "loan eligibility . . . [presented] some important distributional and equity problems. All eligible students . . . [could] borrow any amount up to the difference between the cost of attendance and the expected family contribution as long as the amount . . . [did] not exceed program limits" (p. 64). These problems were amplified when students borrowed more money because they chose to attend more expensive colleges. It could, in general, cause students to borrow much more, with the possibility of staying much longer in college. As well, the decision of whether or not to award these types of loans are at the discretion of private lenders. In turn, government officials had limited control of possible misappropriation of funds (Mumper & Ark, 1991).

More recently in 2010, the federal government passed new legislation eliminating private lenders issuing federal student loans. Now, all federal student loans originate directly from the government (Ross, 2013). However, students still may elect to obtain private loans that are entirely funded by the banks, but the federal government does not guarantee them.

Aside from concerns about educational lending, research has noted that, through the years, borrowing money for education has increased substantially. In fact, between 1975 and 1980, federal student aid increased in excess of 400%. Also, during that time frame, these types of loans generated more than \$8 billion in aid (Mumper & Ark, 1991). Most notably, student borrowing exceeded \$100 billion in 2010 (National Association of Consumer Bankruptcy Attorneys, 2012). Recently, overall outstanding loans have surpassed an alarming milestone, reaching approximately \$1.3 trillion (Ionescu & Ionescu, 2015).

As the cost of tuition has dramatically increased, so has the overall cost of borrowing. It poses another issue for low-income students as they now find tuition cost a discouragement, or a barrier, to obtaining a higher education. The Hispanic population, being large and considered to be of low-income status (Aud, Fox, & KewalRamani, 2010; DeNavas-Walt, Proctor, & Smith, 2014), face the risk of high debt amounts as college costs keep increasing. Mumper and Ark (1991) stated,

Higher education is a far riskier investment decision for low-income students because they characteristically demonstrate less promise for academic success, and hence are less likely to earn the higher incomes following graduation that enable them to repay their loan obligations. (p. 71)

Statement of the Problem

Prospective college students are facing numerous challenges, including higher tuition costs. To meet budgetary constraints, colleges and universities are raising their tuition fees while reducing the number of administrative and faculty staff and increasing the number of students in a classroom. These budgetary constraints are a repercussion of the current struggling economy (Hearn, 2003).

In their report, the National Association of Consumer Bankruptcy Attorneys (2012) added, "Americans now owe more on student loans than on credit cards, according to the Federal Reserve Bank of New York, the U.S. Department of Education and others" (p. 1). What is more alarming is that national student loan debt levels do not show any indication of leveling out or slowing down. Instead, with the outstanding amount of approximately \$1.3 trillion, the student debt level issue cannot be ignored (Ionescu & Ionescu, 2015). Hearn (2003) stated:

The primary leadership challenge for college presidents today is to maintain high quality and competitive standing in the face of menacing resource constraints. In both the public and the private sector, labor and health care costs have been rising while economic downturn and political change have squeezed revenues from state funding, research and development efforts, endowments, and charitable giving. (p. 1)

Moreover, Hearn (2003) stated, "In recent years, government funding has steadily decreased as a share of institutional revenue. In the same period, tuition and fees have risen rapidly to replace this lost funding, but not without controversy" (p. 1).

Ultimately, college and university students are facing a tough financial burden by the time they complete their four-year degree. Graduates face both salaries that have not kept up with the rising cost of tuition and high student loan debt (Williams, 2006). Hispanic college graduates also face these issues as they pursue college (Baum & O'Malley, 2003; Price, 2004).

This study will explore the implications of incurring high student loan debt that Hispanic students who graduate from college will face.

Statement of the Purpose

The purpose of this study was to explore how increasing tuition costs affect the indebtedness of Hispanic college graduates. The research objective was to determine the impact of student loan indebtedness on those Hispanic college students who are new in the workforce and on their families. The amount of student loan debt incurred combined with misaligned earnings can be an obstacle to repayment for Hispanic graduates and their families (National Association of Consumer Bankruptcy Attorneys, 2012; Williams, 2006). According to Gross, Cekic, Hossler, and Hillman (2009):

Most students who default do so because their personal income is inadequate to keep up with their payments. As post graduation or departure earnings increase, the likelihood of default decreases. Unemployment, in contrast, increases the likelihood of default, making success in the job market critical to repaying student loans. (p. 23)

The number of Hispanic graduates with such debt amounts is increasing, including many in low-income socioeconomic circumstances. As such, legislatures,

public officials, and educational administrators need to develop alternative solutions to this issue.

Research Questions

A correlational quantitative non-experimental survey methodology research design was used to study four-year Hispanic graduates. The overarching research questions leading this study were:

RQ1. What is the relationship between student loan debt and financial difficulty after graduation for Hispanic and non-Hispanic graduates?

H₀1. There is no relationship between Hispanics and non-Hispanics having financial difficulty after graduation.

H_A1. There is a relationship between Hispanics and non-Hispanics having financial difficulty after graduation.

RQ2. What is the relationship between student loan debt and purchasing a home for Hispanic and non-Hispanic graduates?

H₀2. There is no relationship between Hispanics and non-Hispanics purchasing a home after graduation.

H_A2. There is a relationship between Hispanics and non-Hispanics purchasing a home after graduation.

RQ3. What is the relationship between student loan debt and getting married for Hispanic and non-Hispanic graduates?

H₀3. There is no relationship between Hispanics and non-Hispanics getting married after graduation.

H_A3. There is a relationship between Hispanics and non-Hispanics getting married after graduation.

RQ4. What is the relationship between student loan debt and having children for Hispanic and non-Hispanic graduates?

H_o4. There is no relationship between Hispanics and non-Hispanics having children after graduation.

H_A4. There is a relationship between Hispanics and non-Hispanics having children after graduation.

Significance of Study

The study may be significant to legislatures, public officials, and educational administrators. While the Hispanic population continues to grow, national student loan debt levels continue to escalate, the number of student loan recipients continues to increase, and leaders of influence are challenged with issues of repayment for borrowers because salaries have not kept up with tuition increases. There is a need to provide financial management counseling before debt is incurred, and to provide Hispanic graduates with an adequate level of exit financial counseling.

There is public concern that tuition prices have been escalating at a staggering rate. There is a sense of urgency to addressing this problem because colleges and universities have dramatically high expenditures, and there is concern about how Hispanic students will be able to afford mounting tuition costs (Geiger, 2000).

While tuition costs have been escalating, state funding for public educational institutions has faced steep cuts. In turbulent economic times, many lawmakers redirect public higher education budgets to other areas to balance the state's budget. In turn,

lawmakers are cognizant that institutions can then raise their tuition rates to balance their budgets. Conversely, in good times, monies are funneled back to the educational institutions to compensate for the down years. However, with state budgets being lean and educational institutions feeling pressure, the consequence is that tuition fees, at all institutions, will be at an all-time high (Selingo, 2003).

Moreover, due to these increasing tuition prices, national student loan debt levels have risen significantly. An increased number of borrowers are feeling the burden while many perceive themselves as having significant financial problems. Also, certain borrowers have said that they would have incurred less student loan debt if they had to do it over again (Baum & O'Malley, 2003).

In his research, Chambers (1992) stated that the amount of student loan borrowing was at a higher level than for several years in the past, even after an adjustment for the higher cost of living. The sums borrowed have risen at a faster pace than the initial salary in many career fields. Because of these rising debt levels, certain graduates are likely to have grave difficulty in making payments on their student loans. The study also highlighted that minority students who borrowed heavily were more likely to face difficult financial situations (Chambers, 1992). This issue, as indicated in this study from some time ago, continues to persist today.

Due to the loan debt and the inability to pay, certain graduates face defaulting on their student loans. Delinquencies and default rates are increasing due to inability to avoid unemployment, dissatisfaction with their educational experience, and the possibility of a reduced capacity to repay loans. Ironically, age was a major contributor for those with student loans resulting in default (Gross et al., 2009). The probability of

defaulting is greater for those that borrowed at a later age. Additionally, as a major contributor to defaulting, students from low-income families have the propensity to incur more debt than those of affluent backgrounds (Gross et al., 2009).

As debt continues to rise, this has become a concern both to the borrowers and to the economy overall. The default rate for government student loans is 20% (National Association of Consumer Bankruptcy Attorneys, 2012). One cannot overlook that number. With many constraints on the federal budget, taxpayers have also become vulnerable stakeholders.

Student debt is also affecting the borrowers' parents. As parents age and take over some of the debt burden, they find it more difficult to pay back the loans because they either stop working or their income begins to decline. The mortgage crisis created a burden to borrowers that prevented repayment towards their loans and consumed their spending ability. Student loans mirror that effect (National Association of Consumer Bankruptcy Attorneys, 2012).

Finally, there is a greater need for financial literacy for college students. It is very important for students to be well-versed in personal financial management because their financial decisions during college will ultimately influence their financial situation after graduation. An associated issue is the financial condition of the student. A stable financial situation can influence academic performance during college. Appropriate financial management leads to higher probability of academic success. There are some students that do not manage their finances appropriately, and are unable to have sound financial management (Cude et al., 2006).

In their research, Gross et al. (2009) found that those who had received financial counseling appeared less likely to default on their student loans. There was greater probability, four times greater, than those who did not receive in-person exit counseling went into default. Exit counseling helps borrowers become aware of various options for repayment (Gross et al., 2009; Steiner & Natali, 2003). In addition to having exit counseling, it is also important that such counseling be more effective than the current model in place in most institutions. Jensen (2010) concluded that

many undergraduate students do not read or do not comprehend the written and online information that counselors provide. While institutions are now focused on offering compliant, up-to-date private loan information on their college web sites, the participants in this study assert that undergraduate students do not take the time to read the information or do not understand the online and written information that college counselors do provide. (p. 104)

Key Definitions

- *Apoyo*. Refers to moral support and encouragement.
- *Consejos*. Refers to a narrative advice.
- *Delayed Buying a Home*. Results of the financial cost of education: delayed buying a home (National Center for Education Statistics, 2014, p. F-155).
- *Delayed Getting Married*. Results of the financial cost of education delayed getting married (National Center for Education Statistics, 2014, p. F-156).
- *Delayed Having Children*. Results of the financial cost of education delayed having children (National Center for Education Statistics, 2014, p. F-156).

- *Economic Mobility*. The improvement or the decline in economic status, usually measured in terms of household income (Cain, 1978, p. 427).
- *Emotional Intelligence*. The ability to perceive and express emotion, assimilate emotion in thought, understand and reason with emotion, and regulate emotion in self and others (Goleman, 2006, p. 3).
- *Financial Difficulty*. A condition of money constraint and hard financial problems, such as not meeting essential expenses including mortgage or rent payments, utility bills, or important medical care within the last 12 months (National Center for Education Statistics, 2014, p. F-156).
- *Great Recession*. The 2007-2009 recession blamed on a housing bubble where housing prices plummeted, borrower's couldn't pay back the loans, Wall Street sold financial instruments tied to those loans which led to the realization that there was little value to those instruments, and eventually led to financial constraints in the economy causing a systemic economic shock.
- *High-income*. Households with income above the federal poverty thresholds (Capizanno & Adams, 2003, p. 1).
- *Hispanic*. A term that refers to a racial group in the United States replacing the term "Chicano" or "Mexican-American" and including all groups originating from Latin America (Gómez, 1992, p. 45).
- *Human Capital*. A theoretical term describing skills attained by either on-the-job training or through education to an individual. Either training increasing productivity or useful knowledge allowing for the opportunity to expect higher future earnings (Becker, 1964; Kessler & Lulfesmann, 2006, p. 903).

- *Latino*. A term that refers to a racial group: those from Latin America (Hayes-Bautista & Chapa, 1987).
- *Low-income*. Households with incomes below 200% of the federal poverty thresholds (Capizzano & Adams, 2003, p. 1).
- *Low-income Borrowers*. Those that attain a lower starting salary, current salaries remain unimproved, and overall household incomes as being lower than those that are not low-income borrowers (Baum & O'Malley, 2003).
- *Non-Hispanic*. A term that refers to a racial group in the United States other than those identified as Mexican, Mexican-American, and groups from Latin America (Gómez, 1992, p. 54).
- *PAYE Plan*. A federal student loan repayment program named, "Pay As You Earn," aimed at assisting students by lowering their minimum monthly payment aligned with their household income for those who borrowed after 2007. With this program the monthly payment will not exceed ten percent of the household income and the balance is forgiven after 20 years of payments (Mayotte, 2015; Slack, 2012).
- *Policy Entrepreneurship*. A phenomenon which exists when policymakers are willing to invest their resources including time, energy, reputation, and money the hope of future return (Mintrom & Norman, 2009, p. 653).
- *Promise Scholarship*. A program that provides a full scholarship to all students enrolled in a college located in the State of Michigan (Bartik, Hershbein, & Lachowska, 2015, p. 1).

- *REPAYE Plan*. A federal student loan repayment program named "Revised Pay As You Earn," aimed at assisting more students by lowering their minimum monthly payment aligned with their household income. With this program the monthly payment will not exceed ten percent of the household income and the balance is forgiven after 20 years of payments for undergraduate loans and 25 years for graduate loans (Mayotte, 2015; Stratford, 2015).
- *Social Capital*. Access to human, cultural, and other forms of capital, including institutional resources and support (Perna & Titus, 2005, p. 488).
- *Social Mobility*. A movement between social status or socioeconomic status of individuals, families, or households (Dal Grande et al., 2015, p. 2).
- *Student Loan*. A loan offered to college students to help pay for educational expenses (Mumper & Ark, 1991, pp. 63-64).

Assumptions

There is an assumption that the participants in the NCES survey upon which this research is based have answered honestly the questions in the survey. Also, it is assumed that Hispanics are equally distributed across the United States and that their tendencies are similar. Other assumptions lead to a relationship to conclusions and help test the validity for those conclusions, additionally, directing the research and its methodology (Calabrese, 2009).

Limitations of the Study

This study has certain limitations. This researcher used a secondary database provided by the National Center for Educational Statistics (NCES). He did not have access to the raw data for analysis. Instead, the researcher used the program

PowerStats, provided by NCES, to analyze the data. The sample selected for this study was limited to the years 2007 to 2012. Data for the present study came solely from the national longitudinal study of a cohort of approximately 13,500 students who received a bachelor's degree in the academic year 2007–2008. The sample selected for this were across the United States and there may be differences among regions or different States. The participants were interviewed in 2007–2008, 2009, and 2012. The United States economy faced the Great Recession when the surveys took place, and there may be differences between other years and those surveyed may respond differently. Students self-reported on the surveys and therefore could contain inaccuracies. Approximately 1,241 participants were classified as Hispanic/Latino. This sample may not represent the entire population. Researchers may consider these limitations for future research.

Summary

The implications of student loan debt for Hispanic graduates are of significant importance because the number and the proportion of such Hispanic graduates are growing. Leaders of influence may find it useful to address issues pertinent to student loan debt and its effect on Hispanics. The introduction of this study has provided a wide perspective on the implications of student loan debt for graduates, highlighting areas of concern for the Hispanic population. Also in this section, concepts have been introduced, the research questions have been presented, and terms have been defined. As well, the literature review has given direction to the hypotheses for the research.

Chapter 2: Literature Review

Introduction

The purpose of this study is to focus on the implications of student loan debt for Hispanic college graduates. To fully explore the effect that student loan debt has on Hispanic graduates, it is necessary to review literature that helps reveal areas that are important for the research. First, the literature review will center on the historical background of student loan debt issues and an overview of areas of concern to low-income families and Hispanics. A review of the human capital theory relating to higher education provides a theoretical framework. Additionally, leaders of influence (centers-of influence) on student loan debt are explored, focusing on issues of Hispanic parental leadership, the influence of legislators on policy, educational leadership, and business leadership and addressing areas that impact student loan debt. In the remaining portion of the chapter, the background of the research question is reviewed, and summary tables are presented.

Historical Background

Borrowing to finance educational expenditures has become a significant area of interest for the public, governing entities, and borrowers (Avery & Turner, 2012). Student loan borrowing continues to be a significant issue since debt levels continue to increase year over year. According to King (2005), the number of loans doubled between 1992-1993 and 2003-2004. Additionally, King indicated that after legislative changes took place in the early 1990s, annual student loan volume had risen approximately 50% within a two-year time frame (p. 1). The increase has been so significant that total student loan debt has now reached the \$1.3 trillion mark with no

signs of leveling off or decreasing (Ionescu & Ionescu, 2015, p. 1). What is more noteworthy is that King (2005) indicated that low-income, independent borrowers had taken out loans at high amounts, implying the possibility of repayment difficulties.

What is even more alarming, low-income borrowers continue to be increasingly financially challenged post graduation after incurring student loan debt. According to Baum and O'Malley (2003), many factors contribute to this obstacle for those identified as low-income borrowers compared to those who are not. Low-income borrowing graduates are classified as those who attain a lower starting salary, whose current salaries remain unimproved, and whose overall household incomes are lower than those who are not low-income borrowers. Retrospectively, student loan debt is an obstacle to economic mobility when such borrowers are delaying automobile purchases, marriage, and having children. Although there is an increasing interest in research for the general student population, it is important to review one of the nation's most rapidly growing populations. The Hispanic population now exceeds 50% of the nation's population growth with over 50 million citizens (Passel, Cohn, & Lopez, 2011). The purpose of this study is to explore the extent of the implications of student loan debt incurred by the Hispanic population.

Theoretical Framework

The researcher will carry out an in-depth review of the economics of educational indebtedness, which begins with Becker's (1964) human capital theory. Becker made a distinction between general-usage training and specific human-capital training. He further explained that making the distinction between both investments in training is important when the employer provides the training. The value of human capital training

is appreciated only through the tenure with the employer. On the other hand, general usage training appreciates and increases productivity to the trainee in many firms besides the one that provided the training. The human capital theory makes two conclusions. First, employers have a vested interest in reciprocity between the employee's attained skills and the output of the company. Second, the person investing in general skills forgoes present earnings and makes educational expenditures, with expectations of higher future earnings (Becker, 1964; Kessler & Lulfesmann, 2006). This study will focus on the latter (pursuing an educational investment). People are more willing to invest in themselves to be more marketable and increase the likelihood of higher future earnings.

Several researchers have reinterpreted Becker's human capital theory and his work. Recently, Topel (2012), analyzed job mobility, search, and earnings growth. His research analyzed young workers and job mobility along with earnings, job earnings growth, and job seniority. The author wrote that

two of the most firmly established empirical "facts" in the study of earnings are (1) a positive (and concave) relationship between earnings and labor market experience, and (2) holding experience fixed, a positive relationship between earnings and current job tenure. (p. 402)

He concluded that "it is now recognized that competing models of labor market dynamics and human capital accumulation are capable of producing these cross-sectional findings" (p. 402).

Mincer (1958) contributed to the human capital theory by claiming that, based on the degree of investment in human capital through either training or education, there is

a variation in individual income. Further explaining the model, he stated that "the principle that absolute differences in the length of training result in percentage differences in annual earnings" (p. 301). Means that earnings will be positively affected as long as the training is not "substantially negatively skewed" (p. 301). In accordance with Becker's (1964) argument, individual worker productivity increases through educational training, as stated earlier, in spite of educational expenditures and foregone earnings. This temporary setback makes the individual consider future increases in earnings.

Additional research added by Becker (1975) elaborated on the significance of a college education on human capital. He determined that there was a relation between college education and income; adding that the "rate of return to an average college entrant is considerable" (p. 246). The study indicated that, in general, college graduates had distinguishable gains from high-school graduates. He added that graduating from college had a higher rate of return compared to any other forms of human capital investments. That is, investing in a college degree provides significant dividends over other forms of investment leading to economical gains (Becker, 1975).

Tomaskovic-Devey, Thomas, and Johnson (2005) elaborated on the value of education. Those who earn a greater amount of human capital are deemed to be more attractive employees and will usually generate superior productivity. Additionally, those with more human capital will gain skills relatively more easily and transition to "peak productivity"(p. 60) at their position at a quicker pace. Furthermore, those with greater human capital are destined to have the greatest short- term and long-term value to employers. With that said, employers recognize that with such skills and level of human

capital, those employees merit greater compensation. If employers fail to award those with greater education and skills, they will ultimately lose the employee to a competitive employer who is willing to award them with greater earnings (Tomaskovic-Devey et al., 2005).

By way of contrast, others question the value of a college education. As early as 1790, Smith (1790/2006) wrote,

The education of boys at distant great schools, of young men at distant colleges, of young ladies in distant nunneries and boarding-schools, seems, in the higher ranks of life, to have hurt most essentially the domestic morals, and consequently the domestic happiness, both of France and England. Do you wish to educate your children to be dutiful to their parents? (p. 201)

Additionally, Freeman (1976) argued that one can no longer assume that a college degree is a mechanism to increase the probability of economic advancement. Further adding to the discussion that a college degree had rapidly lost its return on investment. Smith and Welch (1978) summarized Freeman's argument that "investments in college training will be marginal at best and are likely to remain so for many years to come" (cited in Smith & Welch, 1978, p. 1). Smith and Welch, who disagreed with Freeman's argument, stated that, "this rather gloomy message is delivered not only to those young people who must make their individual choices about attending college but also to those of us who make our livelihood in the education industry" (p. 1). When considering adjustments for inflation, recent studies show that the increase in the number of people with a bachelor's degree has been negligible over the last decade. The study also noted that wages, between the years 2007 and 2012, had

declined for those with a high school diploma and those with a bachelor's degree. The study also indicated that earnings of those with a bachelor's degree were lower in 2012 than in the year 2002 (Mishel & Shierholz, 2013).

Paulsen (1998) contributed important data on the economics of attending college. He mentioned that the economic value of a college education was substantially higher than that of high-school completion, "by 40% in 1963, 48% in 1971, 38% in the late 1970s, and 58% in 1989" (p. 473). Furthermore, he stated that

the magnitude of earnings differentials between college and high school graduates—which has increased substantially since the mid-1970s—is clearly one of the most striking and straightforward demonstrations of the value of a college education. Another is the substantial difference between the unemployment rates of college and high school graduates. (p. 474)

Clearly, obtaining a college degree has great benefits; including reducing both the odds of unemployment and the duration of being unemployed. Thus, college graduates increases their human capital worth to the hiring employer or the economy.

Economic mobility is of desire for all working individuals, and for the Hispanic population as well. This population is considered the second lowest in median household income in the United States as of 2013 (DeNavas-Walt et al., 2014). DeNavas-Walt et al. (2014) indicated in their research that the Hispanic median household income is \$40,963, 42.25% lower than the White (non-Hispanic) population (median of \$58,270), and 63.72% lower than the Asian population (median of \$67,065), and greater by 18.39% than Black median household income of \$34,598.

Hispanic median family income per capita to non-Hispanic Whites, it is below 60% than of non-Hispanic Whites, and the Hispanic poverty rate is almost double. Some of the socioeconomic challenges and deprivation patterns that Hispanics face are less education, less health insurance coverage, greater risk of going to prison, unemployment or low-paid work (Gradín, 2012, p. 3). Gradín also said that "only 11% of Hispanic family reference persons went to college, compared with 18% of Blacks and 33% of Whites" (p. 7). When it comes to the labor market and ethnic comparisons, Whites were more likely to have a managerial position or a profession, and the earnings of Black and Hispanics were between 65 to 70% of Whites (Gradín, 2012, p. 3).

According to Enchautegui (1995), one in every four Latinos was poor, and a significant number were considered extremely poor in 1990. Enchautegui (1995) indicated that during the 1990s, 40% of Latino children were living in impoverished households. Latinos also faced housing overcrowding and hunger hardships. This ongoing and persistent poverty are related to deeply rooted reasons for low levels of education and a greater percentage of Latinos in low salary jobs. Comparing the poverty rate between 1980 and 1990, Latino poverty figures increased by six percent. The poverty rate for married Latino couples increased between 1979 and 1992. In the same year span, the rate for African-American and White couples increased less than one percentage point each (Enchautegui, 1995). In 1992, 39% of Latino children were living in poverty, an increase of 29% from 1979 (Enchautegui, 1995).

Additionally, Aud et al. (2010) indicated in national research that "the percentage of children who were living in poverty" (p. 17) was 27%, for Hispanics, third in the poverty level category. Blacks were at 34% and American Indians/Alaska Natives at

33%. On the other hand, the poverty level for Whites was at 10% and that for Asians was at 11% (Aud et al., 2010).

Impact of the Great Recession of 2007–2009

The perception of financial difficulty among Latinos has become more apparent following the Great Recession. The results of a survey indicated that 54% of Latinos believe that the impact of the Great Recession was a greater impact on them compared to other groups. Moreover, a great majority (59%) of those surveyed stated that someone in their home had been out of work for the previous year. Of the respondents, 75% indicated that their personal finances were in "only fair" or in "poor" shape. The survey also indicated that the delaying or the cancelation of a home purchase was another factor that contributed to financial difficulty (49% of respondents). Among those who had a home, 28% stated that their mortgage was underwater (Taylor, Lopez, Velasco, & Motel, 2012).

Taylor et al. (2012) also indicated that Latino household wealth dropped substantially, by 66%, from 2005 to 2009; which was the highest among all groups. Furthermore, their unemployment rate went from 6.3% to 11% in December of 2011, which was higher than the national unemployment average. The poverty rate also increased from 20.6% to 26.6% between 2006 and 2010. Those surveyed also indicated that they viewed their economic status as "more downbeat" compared to other groups. Only 24% viewed their personal finances as "excellent" or "good," compared to 38% of the general public.

Recently, Campbell (2015) explored racial wealth inequality in the U.S. from 1985 until 2012 in a longitudinal study, studying how the net worth of White, Black and Latino

families had changed during that period. The study reviewed whether racial inequality had decreased or increased over the course of the study. Campbell (2015) concluded that

part of the story of wealth inequality is that the growth in wealth among the richest families has largely been among rich, White families while minority families have not seen their wealth increase at the rate White families have experienced. (p. 1)

The Campbell (2015) study indicated that a large racial gap in wealth has continued over time. What is more apparent is that the gap between Whites and Blacks had risen by approximately \$160,000: in 1985 the gap was \$7,300, and by 2008 it had increased to \$167,000. The gap between Whites and Hispanics rose by \$104,000 within the same time frame. The median net worth of White families in 1985 was \$8,400; the median net worth for Blacks was \$1,122, and \$3,600 was the median net worth for Hispanics. For the same respondents ten years later when they were in their 30s, the median net worth had changed for White families to \$41,000, for Black families to \$4,400, and for Hispanic families to \$15,300. Another ten years later when the respondents were in their 40s, in 2008, White family median wealth was \$188,400, Black family median wealth was \$21,500, and Hispanic family median wealth was \$80,000 (Campbell, 2015).

The same study (Campbell, 2015) investigated respondents who had graduated from college, and racial wealth inequality was still present. In 2012, White college graduates possessed three times more wealth than African-Americans, and \$100,000 more than Latino graduates. Campbell added that "White families with middle-class

incomes hold nearly \$89,000 of wealth compared to \$47,000 for African American families and \$43,000 for Latino families." This study supports other research (Price, 2004) that showed that Hispanic graduates face the lowest salaries after graduation.

Shin (2015) reinforced Campbell's (2015) argument that the U.S. is becoming more imbalanced regarding wealth and income, and this imbalance is dividing along racial and ethnic lines. On the other hand, "while the disparity might seem only to be a problem for the economically disadvantaged families of color, it worsens political and economic outcomes for the entire country" (Shin, 2015, para. 4). Another concern that economists have is the volatile economic environment resulting from the increasing issue of inequality. Specifically, the environment becomes fragile when disadvantaged families are incapable of withstanding economic shocks because of the lack of adequate resources (Shin, 2015). Shin added that

while not every family can be expected to become wealthy in the jet-setting, Wolf-of-Wall-Street manner, every family needs some amount of wealth for economic security. The racial wealth gap means families of color may not be able to give young members of their households gifts to invest in their future, similar to what their White friends are likely to receive. (Shin, 2015, para. 6)

The American dream for many families is to own a home, and for the majority of families the home represents economic prosperity. Shin (2015) said that the home represents a substantial portion of the American family's assets. Home ownership becomes the main objective for families to build their wealth. However, there are also indications of racial and ethnic inequality in home ownership. Recent statistics indicate that home ownership for Whites was at 73% compared to 47% for Latinos and 45% for

Blacks (Shin, 2015). Moreover, valuations of homes between each racial group showed substantial disparities due to home values in White neighborhoods compared to those where minorities lived (Shin, 2015).

Cohen (2015) added to the case of racial wealth gaps, stating that when economic downturns occur, minorities find it difficult to protect their lifelong earnings after completing college. The author noted that "a new study has found that for Black and Hispanic college graduates, that shield is severely cracked, failing to protect them from both short-term crises and longstanding challenges" (para. 2). This dire picture becomes worse: economists have indicated that college graduates of White and Asian backgrounds are more successful than their counterparts who have no college education. Conversely, Hispanic and Black college graduates actually "do much worse proportionately" (para. 3).

Cohen (2015) added that economists questioned whether earning a degree helps level the playing field between minorities and Whites. Earning a degree by itself is not enough to reduce the racial and ethnic wealth gap (para. 4). Nevertheless, the authors did emphasize that Blacks and Hispanics are much better off earning a college degree because they are in a better position to outperform those who did not attend college. Cohen (2015) further explained that there is no simple answer that clarifies why degree attainment by minorities has not helped protect their wealth. Some factors that have not helped the situation for minorities are discrimination and heavy amounts of debt (Cohen, 2015).

What is worse, the Great Recession worsened the situation for minorities. Their net worth fell substantially due to high borrowing to buy homes. The value of their

homes dropped twice as much when compared to Whites. They had excessive college loans, and their unemployment rate consistently has been disproportionate compared to that of Whites (Cohen, 2015). Cohen supported Shin's (2015) position, stating that "Blacks and Hispanics are also less likely than Whites to inherit money or receive help from their parents to cover a tuition bill or a down payment on a house."

While financial difficulties become a concern for those aspiring towards greater social mobility, financial constraints can also lead to the effects on couples choosing to marry. Smock, Manning, and Porter (2005) stated that "quantitative studies in demography, sociology, and economics have generally demonstrated that the occurrence and stability of marriage are linked to good economic circumstances" (p. 681). Additionally, those that have more education and those with financial stability have a greater probability of getting married, continue in their marriage, and having children while married (Smock et al., 2005). Young adults take their economic situation as a major reason whether or not to marry. To make that decision, young adults want to ensure they have enough money. They do not want to find themselves struggling economically. They want to have enough money for a wedding, they want to take care of any debt burden, they want to be homeowners, and they need someone to be the main breadwinner. Eventually, having children will depend on those critical areas (Smock et al., 2005).

Socioeconomics has influenced marriage, indicated Smock et al., (2005). However, within the latter part of the 20th century, family formation has gone through several changes, explained Oropesa (1996). There has been a decline in fertility and an increase in premarital coitus, age at marriage, having children out of wedlock, and

divorce (Oropesa, 1996). Research also has indicated that because of inequalities in access to economic opportunities, family formation has been impacted (Oropesa, 1996). Oropesa (1996) stated that Hispanic beliefs on pronuptial views are similar to Whites. Also, indicating that "Mexican American support for the ideal of marriage does not stem from socioeconomic circumstances or attitudes about marriage as the appropriate context for sexual intimacy and childbearing" (p. 59). Mexican Americans are more tolerant of an informal union as a precursor to marriage than Whites (Oropesa, 1996).

Mexican American females often perceive marriage as an affirmation of womanhood when it comes to their cultural heritage. Parents traditionally socialize them that marriage "is a part of God's plan" and ought to be their life objective (Oropesa, 1996, p. 60). As for foreign-born Mexican Americans, they are more inclined to the marriage ideal, and the differences between Whites and Mexican-Americans will persist for a period; especially as there are larger numbers of first and second generation immigrants (Oropesa, 1996). As for immigrants of more affluent backgrounds, there is greater support for marriage. A significant finding was that the acceptance of cohabitation increases with education, income, hours of employment, and socioeconomic status. The acceptance of cohabitation was more common for individuals on public assistance. That is cohabitation was more common for Hispanics and Blacks than Whites yet with plans to marry in the future (Oropesa, 1996).

Although cohabitation is becoming increasingly more common, Gibson-Davis, Edin, and McLanahan (2005) indicated that "the majority of Americans still believe that people who marry are happier than people who are single," and that "being married and having a family is very important to them" and, further, "the majority expect to marry

eventually" (p. 1301). Marital behavior differs according to ethnicity and social class. In one example, lifetime marriage rates for women without a high school diploma has declined by 30%. Research has also indicated that economic and social shifts have resulted in decreases in marriage rates. In some instances, "falling wages and rising incarceration rates among unskilled inner-city men have led to a decline in the number of marriageable men, particularly within minority communities" (Gibson-Davis et al., 2005, p. 1303).

Gibson-Davis et al. (2005) also indicated that men, in order to be viewed marriageable, would need to be good breadwinners. The authors further noted that a certain level of financial stability must be achieved, responsible stewardship of the couples' financial resources must be assured, and enough surplus must be generated to accomplish mutual long-term financial goals, such as purchasing a home and saving for a suitable wedding. (p. 1310)

Ultimately, Gibson-Davis et al. (2005) suggested that the bar for marriage has risen higher, especially for those of lower income, making it more challenging to meet the standards associated with marriage.

Financial difficulties may be perceived differently among races, and a review on racial perception on what causes poverty could expand knowledge on financial difficulties. Studies have reviewed certain determinants, trying to explain the causation of poverty using objective social position such as age, income, and occupation, explained Hunt (1996). However, the author focused on using two social psychological variables that measured internal and external explanations for personal beliefs about poverty. To expand on past research that only focused on African American and Whites,

Hunt (1996) investigated the differences in beliefs between African Americans, Latinos, and Whites (Hunt, 1996).

To begin investigating beliefs on poverty, Feagin (1972) suggested that beliefs about poverty are of three types: (a) individualistic: characteristics of persons are used to explain poverty, (b) structuralist: the larger socioeconomic system is seen as the cause of poverty, and (c) fatalistic: supra-individual, but non-social structural forces (e.g., luck, chance) are pointed to as the source of poverty (cited in Hunt, 1996)

Hunt (1996) made other important points, stating that past studies had found people of higher status favoring individualistic explanations. Lower status people favored structuralist beliefs. However, lower status people's views change because of a response to their personal experiences and social climate. This shift in view resulted from the social climate because of great events such as the Great Depression causing high unemployment and the negative view of inequality. The shift in beliefs has been caused by events that led to an economic recession, rioting (such as the Rodney King case), and the crises in the educational system.

Hunt's (1996) study indicated that African American and Latinos "showed greater support for both structural and individualistic thinking in comparison with Whites" (p. 314). The author added that, when comparing the three racial groups, the findings indicated differences in beliefs about poverty among all three.

Education is a way to greater economic mobility, but a recent study conducted by the U.S. Census Bureau (2014) showed that the Hispanic population continues to lag behind other races in bachelor's degree attainment. In fact, the research indicated that of those of Hispanic background, 25 years and over, only 8.1% had gone to college and

completed their bachelor's degree. For all other races, at least a double-digit percentage of their population had done so.

Gandara (1993) explained in her research that Hispanic parents of low-income households desire that their children achieve greater economic success than their previous generation. Therefore, to encourage educational success parents would remind their children of their poverty and the possibility of economic opportunities when they achieved greater educational milestones (Gandara, 1993). The "parents told stories of wealth, prestige, position, to their children to keep alive their hopes for a better future" (Gandara, 1993, p. 37). Likewise, the children "expressed intense personal drives for achievement, often manifested in vows, in effect, that they would not live in the kind of poverty into which they had been born" (Gandara, 1993, p. 37).

While parents continue to encourage their children to pursue a college degree in hopes of economic gain, other influences (such as teachers, educational leaders, business leaders, politicians, etc.) surrounding them also promote economic payoff. Day and Newburger (2002) provided examples implying that, "over a work-life, individuals who have a bachelor's degree would earn on average \$2.1 million—about one-third more than workers who did not finish college, and nearly twice as much as workers with only a high school diploma" (p. 4).

Realizing that education is an important key to economic advancement, those Hispanics then choose to invest in a college education. Financial aid is critical to pave the way to make a college degree attainable and affordable. Therefore, it is essential to review the various combinations of financial aid and other financial tools which assist in

providing college access to Hispanics and, more importantly, to review any unmet financial aid that potentially affect Hispanics that may lead to heavy borrowing.

National Center for Education Statistics (2014) data indicate that Hispanics received the lowest amount of financial aid in the years 2011-2012. This study reviewed the average amount of *total* financial aid given to part-time or part-year college undergraduates. Of those surveyed, the average total aid given to Hispanics was \$6,040, Whites \$6,880, Blacks \$7,040, Asians \$6,750, Pacific Islanders \$6,350, and American Indian/Alaska Natives \$6,610. Santiago and Cunningham (2005) reviewed similar characteristics for the years 2003-2004. The same trend occurred: Hispanics averaged the lowest financial aid awards among any racial or ethnic group.

Besides the total amount given in aid, the National Center for Education Statistics (2014) survey also indicated that the Hispanic group was one of the lowest grant recipients at \$3,200, with Pacific Islanders being the lowest at \$3,140. Asians were the highest at \$4,200, Whites at \$3,460, Blacks at \$3,400, and American Indian/Alaska Natives at \$3,370.

Having said that, grant assistance may end up covering only a limited percentage of the graduate's total tuition. Eventually, low-income families, such as Hispanics, face an unmet need to cover the total cost (Long & Riley, 2007). What is more, these authors indicated that "nearly all low-income students had some unmet need after accounting for grants" (p. 53). Once the grant award has been determined, the remaining tuition can only be covered through the use of loans (Long & Riley, 2007); even though the Hispanic population is generally less inclined to choose student loans and borrow for college (Burdman, 2005). Nevertheless, this study focused on those who elected to

pursue a college degree and graduated with student loan debt. Baum and O'Malley (2003) studied Hispanics who graduated with student loan debt. They found that graduates believed that student loans were their main means of access to higher education. However, they also felt burdened by student loan repayment (p. 14).

Reasons for Educational Debt

As previously mentioned, there are certain variances in grant funding, financial barriers and challenges by racial groups, and Dwyer, McCloud, and Hodson (2012) expanded on areas that lead to educational debt for graduates. They highlight the "open access" movement during the 1970s, when a greater number of individuals now had college access, giving access to those who were previously denied this opportunity. However, with a greater number of individuals accessing higher education, tuition fees increased along with the decline of government grants. In previous times, like the 1950s and 1960s, the GI Bill would have covered a substantial portion of educational costs, but now these gaps are being covered by loans and not grants. In today's world, the main goal for college students is to graduate from college, with the expectation of having debt but with hopes of not having an overwhelming amount of it. What continues to drive large debt amounts is the unresolved issue of rising tuition (Dwyer et al., 2012).

Family contribution towards college becomes significant when addressing educational debt. Elliott and Friedline (2013) stated that, "expected family contributions and parent loans are other ways students pay for college costs" (p. 135). The Parent PLUS loan is made available to help with parental contributions towards their child's education. However, "Parent PLUS loans also require credit checks to determine eligibility, making them less available to families with poor credit ratings" (Elliott &

Friedline, 2013, p. 135). Burdman (2005) posited that Latino parents generally avoid borrowing or choosing loans as means to pay for their child's college education. Therefore, this leads a majority of Hispanic graduates to incur student debt without Parent PLUS loans. There are some cases where certain Latino parents discouraged their children from attending college because of the fear of educational loans (Burdman, 2005).

Hispanics and African Americans rely more on loans in order to pay for college compared to other non-Hispanics because they tend to receive fewer family contributions (Elliott & Friedline, 2013). Further, "44% of White students and 37% of Asian students receive an expected family contribution of \$12,500 or more; however, far fewer African American and Latino/Hispanic students receive an expected family contribution of the same amount—20% and 26% respectively" (p. 135).

Choitz and Reimherr (2013) described the calculation of *student unmet need*. Figure 1 explains the way financial aid officers formulate student unmet needs for the purpose of calculating their financial need. "Unmet need is a gap between college costs and what students can afford to pay on their own and/or with aid that does not need to be repaid" (p. 1). This "gap" becomes the responsibility of the college student, as shown.

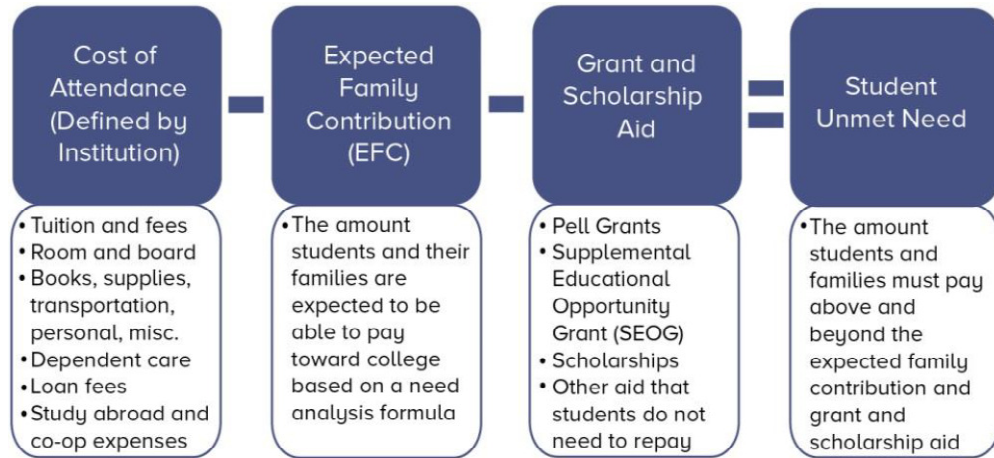


Figure 1. Unmet need formula. Adapted from Choitz & Reimherr, 2013, p. 1

This unmet need for low-income students resulted in skyrocketing amounts of debt, which more than doubled between 1995-1996 and 2007-2008 (Choitz & Reimherr, 2013). Rendón, Dowd, and Nora (2012) added, "no matter what sector they enroll in, low-income Latinos, as represented by those receiving Pell Grants, typically face the highest levels of unmet need of all racial/ethnic groups" (p. 3). Additionally, "the purchasing power of the Pell grant has declined over time. Students have to find a way to cover greater amounts of the cost of college that is not covered by financial aid" (p. 7). The gap that is created results in borrowing, and

67% of Hispanic students graduating in 2008 with bachelor's degrees had federal student loan debt. This rate of borrowing was, in fact, higher than the 62% average rate among all students, and the typical amount of debt was also relatively high. Hispanic debt in the 2008 bachelor's degree cohort averaged \$22,886, compared to \$18,200 among their counterparts of all racial/ethnic groups. (Rendón et al., 2012)

Huelsman (2015) indicated that Latinos borrow at the exact same rate (63%) as Whites at public institutions. However, on average, Latino borrow \$2,400 less than Whites where both graduate from public institutions. These findings could indicate that Whites attend more expensive public universities, and that Latinos have a different attitude toward borrowing. "However, borrowing rates are far higher for Latino students at private non-profit schools, where 87% borrow. Average debt at private non-profits is actually higher for Latino students than for Black and White students" (p. 8). Figure 2 reflects a significant disparity in borrowing and institutional type, specifically for Hispanics or Latinos.

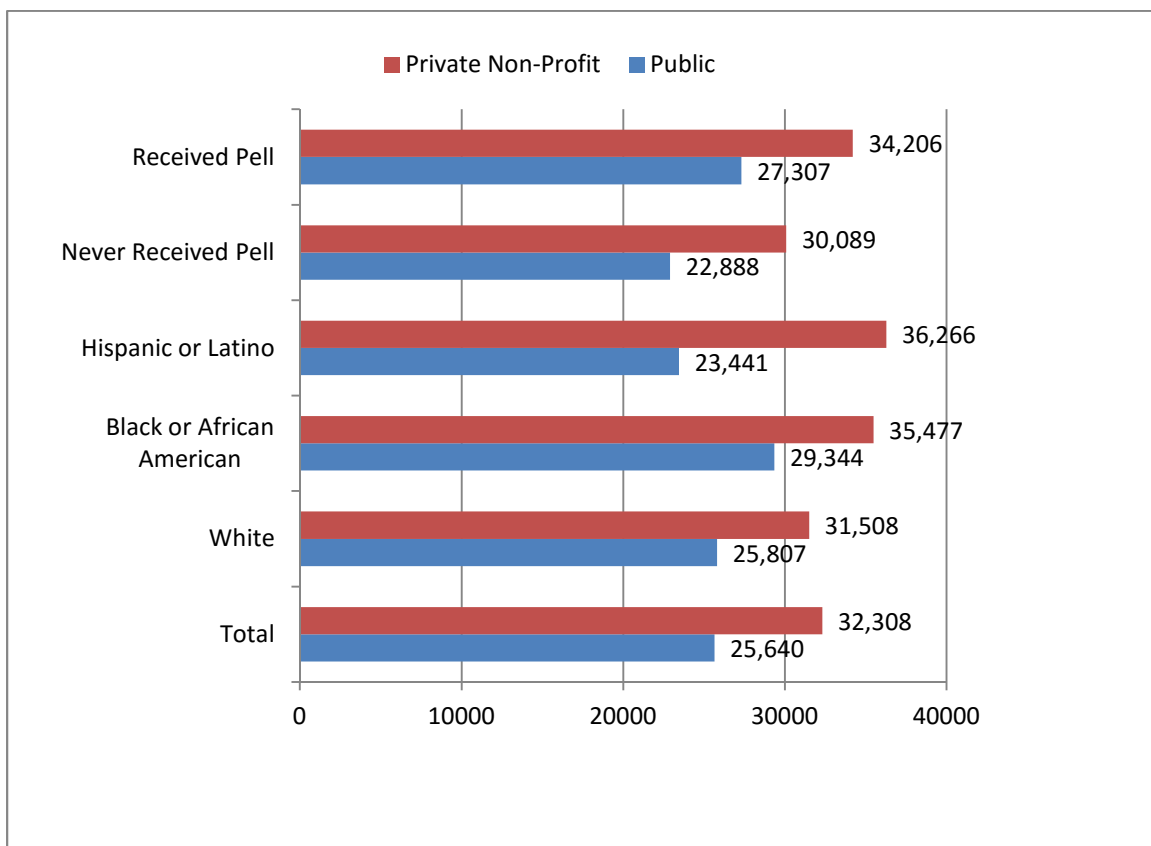


Figure 2. Average debt for bachelor's degree recipients, 2012 Black and Low-Income Students Borrow More for a Bachelor's. Source: Huelsman, 2015, p. 9

Although borrowing for higher education has produced an increase in college access, "studies suggest that debt increases the likelihood of dropping out and often delays college completion, especially for the most disadvantaged students" (Dwyer et al., 2012, p. 1136). Elliott and Friedline (2013) added that, "student loans may not improve attendance and completion rates, at least after a certain point" (p.135). In their study, they found "that every additional \$1000 increase from the mean loan amount for students from low-income households resulted in a 60% decrease in the probability of graduating from college" (p. 135). Another concern was that "10% of students at four-year colleges and universities defaulted on their student loans and were more likely to default when they had low earnings after college or did not complete college" (p. 135).

Calculated using data from the 2008/12 Baccalaureate and Beyond Longitudinal Study data files (B&B:08/12) from the NCES website, Figure 3 below indicates the annualized salary, by race/ethnicity, for respondents' primary job after graduating with a degree. The lowest average annualized salary was that of the Hispanic population at \$40,784.60.

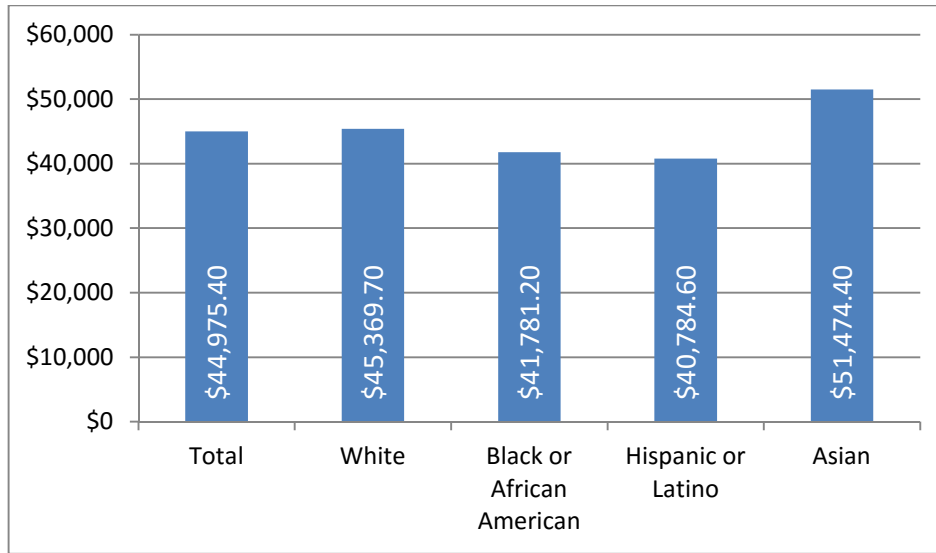


Figure 3. Average annualized salary for primary job, 2012, by race/ethnicity. The variables used in this table are RACE and B2CJSAL. The weight variable used is WTE000. Adapted from 2008/12 Baccalaureate and Beyond Longitudinal Study (B&B: 08/12), 2015, US Department of Education, Institution of Education Sciences, National Center for Education Statistics. Computation by Eric Rodriguez (2016) using NCES Powerstats.

Cerna, Pérez, and Sáenz (2009) found that four year college completion rates had declined within the previous decade because students were taking longer to complete their bachelor's. Latinos took even longer to complete: 23% completed within the four year period and White students reflect a 44% completion rate at the four-year point. Further, "delayed enrollment for Latina/o students, which can hinder degree completion, can be partially attributed to several financial factors" (Cerna et al., 2009, p. 3). The researchers also stated that

roughly 40% of Latina/os end up leaving college within six years without earning their degree. In fact, nearly two-thirds (66%) of Latinas/os who enrolled in college failed to earn any degree by the year 2000, as compared with only 40% of White students. (p. 4)

The lack of financial aid becomes one of those critical factors that delays and even inhibits degree completion.

The availability of college financial aid and other forms of financial assistance provides Latina/o students with the ability to meet their financial needs and the opportunity to direct more attention to their academic responsibilities.

Furthermore, sufficient financial aid contributes to a sense of relief for Latina/o students, who often feel stressed by the lack of funds to finance college and familial obligations to send money home. (Cerna et al., 2009)

Research shows that Hispanics are averse to borrowing for college, and they have "expressed reluctance to take out loans because they will have to pay them back even if they do not complete college, and they do not think they can afford to take the chance" (Cunningham & Santiago, 2008, p. 18). The authors added that "they would rather make their college choices based on their current economic situation and what they can afford while managing their family and personal responsibilities" (Cunningham & Santiago, 2008, p. 18).

For those Hispanics who do not complete college, defaulting on their student loan increases is higher than among the non-Hispanic population. Herr and Burt (2005) concluded "that minority students, particularly Blacks and Hispanics, are at a higher risk of default" (p. 37). "Unfortunately, expecting students to borrow to pay for higher education appears to significantly dampen the college aspirations of students from lower socioeconomic classes, who are at greater risk of default and high repayment burden" (Dowd, 2008, p. 2). More importantly, "low-income African Americans and Latinos have been disproportionately affected by the increasing importance of loans in the financial aid system, as demonstrated by their lower rates of degree completion, substantially higher loan default rates, and greater debt burden" (Dowd, 2008, p. 15).

Life After Debt

Expecting to realize the American dream, many Hispanics now face the implications of student loan debt. Price (2004) indicated in his research that there is evidence that low-income families face an economic burden after incurring educational debt. More importantly, there were "strong effects of family income, race, and ethnicity on educational debt burden" (p. 720). The average salaries of low-income graduates were significantly lower than those of high income graduates. The disparity between low-income and high-income students was significant ranging, between 10% to 25%. Further, the researcher added that more low-income Hispanics were receiving their bachelor's degree from a public institution to alleviate debt burden.

Bensimon and Dowd (2009) concluded that, in California, current educational disparities in the state signal the emergence of a dangerously polarized society with a shrinking professional and educated middle class and a growing population of Latinos in the unskilled labor force. It is clear that society must increase its investments in Latino higher education to ensure the greater social welfare. (p. 633)

The authors further suggested that Hispanics should choose highly selective universities and elite institutions, which place their graduates in higher earning positions compared to those with equivalent degrees from other institutions.

There is overrepresentation of Hispanic students at community colleges and minimal representation at elite universities, which emphasizes the gap (roughly 20%) in bachelor-degree completion between Hispanics and non-Hispanic Whites (Bensimon & Dowd, 2009). "Without increased enrollment and degree attainment in undergraduate,

graduate, and professional programs, particularly at highly selective institutions, Latinos are likely to continue to be denied access to positions of leadership and power"

(Bensimon & Dowd, 2009, p. 634).

However, those Hispanic college graduates categorized as higher-income are prone to have a more excessive debt burden than those categorized as lower-income (Price, 2004). The researcher emphasized that

the pattern of educational debt burden among 1992-1993 college graduates is consistent with historical patterns of race, ethnic, and economic class inequality.

Students from lower-income families are more likely to have excessive debt burden than students from higher-income families, and Black and Hispanic students are more likely to have excessive debt burden than White students.

(Price, 2004)

Researchers outlined concerns about the socioeconomic implications of the burden of student loan debt and financial strains on low-income borrowers. As noted above, reviewing the consequences of student loan borrowing for Hispanics is important because they face lower starting salaries and reduced federal and state subsidies for college. Researchers indicated that the debt burden, to a certain degree, impacted life decisions—including purchasing a home, choosing to marry, electing to have children, pursuing a graduate degree, living with parents, deferring or minimizing savings contribution towards retirement—and impaired other areas of quality of life (Baum & O'Malley, 2003; Baum & Saunders, 1998; Harrast, 2004; Long & Riley, 2007; Metinko, 2015).

Gicheva (2011) expanded on the indications that student loan debt influences decisions on whether or not to start a family. Drawing on the results of two surveys, the author showed that the size of incurred student debt has a reasonably significant impact on the probability of marriage. Choosing whether to marry was more significant for women. Furthermore, when there was an increase of \$10,000 in student loan debt, there was a decrease in the probability of wanting to marry. Ultimately, there was "strong evidence that student loans have a negative and significant, both statistically and economically, impact on the probability of marriage" (Gicheva, 2011, p. 20).

Leadership Considerations

There are several leaders of influence that affect student loan debt to a certain degree, including the student's parents, legislators, educational leaders, and business leaders. Such influencers play a major role, and so their leadership becomes important to review. To begin, studies indicate that parents have a measurable amount of influence on their children's educational plans (Kandel & Lesser, 1969). Leaders influence and, "leaders, like parents, are figures whose role includes guiding, directing, taking charge, and taking care of others less powerful than they and whose fate is highly dependent on them" (Popper & Mayseless, 2003, p. 42).

Kandel and Lesser (1969) concluded in their research that parents have a strong influence on future life goals, such as education, for their children. However, in reviewing Hispanic parental influence and culture, there is a distinction between the Hispanic community and other races. Perna and Titus (2005) suggested that "Hispanics are disadvantaged in the college enrollment process . . . because of the low levels of resources that are available to promote college enrollment through the social networks

at the schools they attend" (p. 511). More importantly, they stated that "research demonstrates that parental involvement as a form of social capital is positively related to college enrollment regardless of the level of individual and school resources" (p. 511). In other words, the Hispanic population is underrepresented in the higher education sector because of the lack of parental involvement (Perna & Titus, 2005).

Further highlighting the issue of underrepresentation, Hispanics are generally debt-averse when it comes to student loans (Burdman, 2005; Mortenson, 1988). Burdman pointed out that, "debt aversion frequently begins with parents, not students themselves" (p. 6) because parents can influence their children whether or not to attend college, continue in college, and access college through borrowing, Dowd (2008) said that "the low rates of bachelor degree completion among Latinos cannot be addressed without enrolling more Latinos in the four-year sector" (p. 16). In regards to borrowing, Dowd wrote that "the number of Latino baccalaureates will require increased rates of borrowing among lower-income and more recent immigrant Latino students" (p. 16).

Hispanic parents who did not go to college themselves, having insufficient knowledge of college access and of how to direct their children, lead and inspire their children through *apoyo* instead of what the mainstream deems "involvement". Parental support through *apoyo* refers to "moral support encompasses practices such as stressing the value of education and hard work; encouraging students to study, do well, and go to college, and sharing *consejos* (narrative advice)" (Auerbach, 2006, p. 276). The Hispanic parent inspires the child with encouraging words that highlight a need to change for the better.

Although such parents feel that through apoyo they are, in essence, equal participants in their children's aspirations of college access, "parents [also] tend to avoid coming to school for various reasons, ranging from lack of Spanish-speaking school staff and logistical barriers to feelings of discomfort, shame, or alienation in dealing with educators" (Auerback, 2006, p. 277). Hispanic parents also demonstrate support by having "awareness of their children's lives [which] also . . . [leads] to increased trust and communication with students, and it . . . [allows] for timely intervention if a child . . . [deviates] in his or her behavior" (Zarate, 2007, p. 9). However, there are some cases where certain Hispanic parents have discouraged their children from attending college because of the fear of educational loans (Burdman, 2005).

While parents have great influence on how and to what degree student loan debt can impact their children (Burdman, 2005; Kandel & Lesser, 1969; Mortenson, 1988; Perna & Titus, 2005), so do leaders in government. Student loans were created to provide access to college for low-income students. During the creation and later the reauthorization of the Higher Education Act, the U.S. Congress made changes and continues to make changes to balance opportunities for those of lower socioeconomic status and to eliminate discrimination. Such legislative changes have been attributed to the increase in borrowing levels, college tuition costs, and the number of those who have borrowed (Hannah, 1996; Kim & Eyermann, 2006; Mumper & Ark, 1991).

Legislators desiring to bring change on student loan policies, like Senator Elizabeth Warren, face a major barrier as leaders of influence (Dash, 2015) when they attempt to change the culture in the federal government (Hennessey, 1998). Since leaders shape, embed, manipulate, and evolve culture, "with group maturity, culture

comes to constrain, stabilize, and provide structure and meaning to the group members even to the point of ultimately specifying what kind of leadership will be acceptable in the future" (Schein, 2010, p. 3). Therefore, because legislators are chosen through elections, they consider risk management and implications when deciding to introduce legislation that may be deemed favorable and acceptable to the voters (Mintrom & Norman, 2009).

However, it does take a certain degree of *policy entrepreneurship* from legislators to bring needed policy change. Senator Warren provided an example of policy entrepreneurship by outlining a four step plan aimed to address student loan debt for low-income students (Dash, 2015). The first part of her plan included "leveraging federal dollars, [so] we can give states an incentive to increase their investments in public education". Step two was to "fix the Pell program". Step three would "simplify the application process for federal aid, as Senator Alexander and Senator Bennet have previously called for". Her final step would "change the rules of the student loan program. The federal government should not profit from student loans---period" (para 5).

The very first bill that Senator Warren introduced to Congress was the Bank on Student Loans Fairness Act, which would revise interest rates for student loan borrowing to match rates that banks receive from federal lending. Senator Warren has been very persistent in addressing the student debt issue by trying to introduce the Emergency Loan Refinancing Act (ELRA) every year that she has held a Senate seat. In March 2015 she introduced it again. The purpose of the ELRA has been to "allow borrowers to refinance their federal student loans. The program would be funded by

raising the tax rate on individuals with \$1 million in annual income to 30%" (Dash, 2015, para. 2).

Senator Warren increased her activity in trying to address and introduce legislation on student borrowing in 2015. She wrote a letter to the Department of Education challenging them to take more action and to join the movement. Boldly she wrote, "Congress did not create federal student loans to generate revenue for the federal government--to the contrary, it gave the Department of Education a host of tools to ensure that federal student loan borrowers are treated fairly and with dignity..." (Dash, 2015, para. 3).

Economists (Shin, 2015; Dash, 2015) have argued that economic prosperity for the U.S. depends on increasing the number of families with financial prosperity. Dash quoted Senator Warren's plea to the American Federation of Teachers at the speech, "Our economy cannot flourish if we don't have enough college-educated workers, but our economy will stagnate if students take on bigger and bigger debt loads to pay for college. Degrees push us forward, but debt holds us back" (cited in Dash, 2015, para. 4).

Kingdon (1984) wrote that policy entrepreneurs have "willingness to invest their resources—time, energy, reputation, and sometimes money" (as cited in Mintrom & Norman, 2009). Mintrom and Norman (2009) indicated that policy entrepreneurs could be individuals in or out of government. "When they lead by example—taking an idea and turning it into action themselves—agents of change signal their genuine commitment to improved social outcomes" (Mintrom & Norman, 2009, p. 653). Further,

"in such situations, the risk calculations of legislators can switch from a focus on the consequences of action to a focus on the consequences of inaction" (p. 654).

Moreover, effective legislators start with leading by listening. Since legislators desire to bring about effective legislation and to build social capital, Finlay and Debicki (2002) indicated that "authenticity, [or] listening to oneself is the most important prerequisite for public service" (p. 132). Those public leaders listen deeply as a means of finding mutual agreement on issues leading to their resolution. Additionally, they stay connected with the voice of the people while staying committed to their values; they understand other people's values, their communication level is adequate to coordinate action, and they are leaders that know how to create a movement. The root of leading through authenticity is leading with a strong sense of EQ—emotional intelligence (Finlay & Debicki, 2002). Goleman (2006) defined *emotional intelligence* as "the ability to perceive and express emotion, assimilate emotion in thought, understand and reason with emotion, and regulate emotion in the self and others" (p. 3). Emotionally intelligent legislators have the ability to not only listen deeply but they can regulate their emotions, listen to others' emotions, and empathize with them. They are at ease when new information and ideas are presented to them, and they are very good negotiators (Finlay & Debicki, 2002).

Legislators who have embraced policy entrepreneurship and possess adequate levels of emotional intelligence can and have been able to enact meaningful legislation. To address the student loan debt concerns, Congress introduced the *income contingent repayment* option in 1993. Through this option, the borrower could extend the repayment period up to 25 years. To ensure that the plan would alleviate the burden of

borrowers, the program was designed so that student loan holders were not obligated to repay more than 20% of their gross income. Further, Congress also enacted that after 25 years of repayment, the debt would be forgiven. The key to participating in the program was that borrowers would qualify if they elected to work in a public sector or non-profit organization, which led to lower salaries (Schrag, 2007).

Congress, with good intentions to alleviate the burden of student-loan borrowers, missed key points that would have led to meaningful assistance. The program was restricted to federal loans and did not apply to student loans offered by banks or commercial lenders. However, students did not have a choice of loan origination at the time of enrollment. The educational institution chose the lender. Also, there was a cap to the program of \$18,500 per year or \$55,500 for three years. While the majority of universities used commercial lenders or banks, most borrowers could not take advantage of the loan forgiveness option. Those few who had the opportunity to take out federal loans faced additional borrowing when they exceeded the cap amounts (Schrag, 2007).

In 2009, Congress introduced a new program named the *income based repayment* (IBR) option. This new program broadened participation to include low-income students, with the intention of alleviating the burden of high-debt borrowers and reducing the repayment amount. The program reduced the repayment amounts to not exceed 15% of discretionary income. Moreover, if the borrower elected to work in the public-service sector, the duration to qualify for loan forgiveness was reduced to 10 years (Schrag, 2007).

Just recently in 2014, Congress revised the IBR option again to assist more student loan borrowers. The revised plan, the *Pay As You Earn* (PAYE) plan, capped student loan payments at 10% of the borrower's discretionary income and forgave loan balances after only 20 years. However, this plan only applied to borrowers who took out federal loans after July 1, 2014, and disqualified loans to parents, loans that are in default, and private loans. Lastly, borrowers who worked in the public sector would have their loans forgiven after 120 payments (Mayotte, 2015; Slack, 2012).

In recent news, Congress plans on revising the IBR option one more time under a new name, the *Revised Pay As You Earn* (REPAYE) plan. Legislators aimed to increase the number of qualifying borrowers by including borrowers who took out loans after October, 2007, and who had borrowed since October, 2011. This new plan will also qualify all Graduate Plus loan borrowers, which means that graduate students are eligible to participate in REPAYE. The loan forgiveness caveat is expected to increase from 20 years to 25 years. However, if the borrower has incurred undergraduate loans, the 20-year forgiveness clause will remain (Mayotte, 2015; Stratford, 2015).

Johnston and Roten (2014) elaborated on the income-based repayment plans that help graduates with debt by permitting lower monthly payments. The IBR plans alleviate loan repayment primarily for low-income individuals and those that have higher debt balances. It covers three primary objectives including capping the monthly repayment at ten percent of the borrower's discretionary income, the loan time is limited from 20 to 25 years, and at the end of the time period the remaining balance is forgiven (Johnston and Roten, 2014, p. 4).

A borrower can combine the benefits of both the IBR and the *Public Service Loan Forgiveness* (PSLF) program. The PSLF program allows borrowers to have their loan balances forgiven upon completing 10 years of full-time *qualified employment*. To meet the qualified employment requirement, the borrower must work full-time with a federal, state, or local government, a 501(3) non-profit organization, or another public service non-profit organization (Johnston and Roten, 2014).

The decisions of Hispanic parents and of Congress play a key role in how student loan debt impacts Hispanic graduates. Let us now review the influence of educational leadership on the student loan debt of Hispanic graduates. Educational leaders have the opportunity to bring about dramatic change in student loan debt. Some leaders might be concerned about taking risks when trying to address student-loan debt and Hispanics. However, they "must lead, represent, and manage, whatever the issue, be it national or local" (Rosser, 1990, p. 223). Student-loan debt is a growing issue, and since the Hispanic population is a growing population, this certainly is an item that cannot be ignored (Ionescu & Ionescu, 2015; Passel et al., 2011).

Rosser (1990) wrote that "the leadership of our institutions of higher education has especially important roles to play as our institutions seek to fulfill their responsibilities as 'carriers of civilization' and 'engines of change' (p. 224). Albeit educational financing through loans has been made available, educational institutions can alleviate the burden on those seeking college access, specifically those of Hispanic background. Rosser (1990) discussed the need for educational leaders to pay attention to the growing population of those other than Whites and how to address the upcoming

challenges. Therefore, tuition increases that impact the student loan burden on Hispanics attending higher education institutions are mentioned here.

Few education leaders have taken that courageous step to assist in resolving this systemic issue. In a recent study, Bartik et al., (2015) reported positive results from a program called *Promise Scholarship*, which provides a full scholarship to all students enrolled in a college located in Michigan (p. 1). In November 10, 2005, Janice Brown, an educational leader, collaborated with local business leaders to introduce the program aimed at paying all college tuition and fees for any student enrolled in a Kalamazoo public school, enrolled in a college or the University in Michigan, and who has graduated from high school (Bartik et al., 2015; Mack, 2015). The initial plan was to revitalize the local economy because it had been affected by the Great Recession. Those business leaders chose to be anonymous private donors and recognized that economical prosperity would be highly impacted through education. Not only did the program serve as a bridge to assist low-income students in accessing college, but significant improvement in enrollment and persistence were found "for disadvantaged groups, such as racial minorities" (Bartik et al., 2015, p. 26). Since the introduction of this program in Michigan, "more than 30 communities around the country have adopted Promise-style programs, in some cases using public funding or imposing additional requirements for eligibility" (Bartik et al., 2015, p. 1).

Senge (2006) wrote, "Give me a lever long enough . . . and single-handed I can move the world" (p. 12). Brown felt that the Promise Scholarship program had exceeded expectations. In fact, she stated that "the findings are 'incredible', and that "the results are pretty powerful. It shows the Promise pays off more than any capital improvement

project" (Mack, 2015). Cases such as these demonstrate that educational leaders have tremendous leverage in tackling significant issues such as the implications of student loan debt for the Hispanic community. However, if leaders could consider a "shift of mind," this potentially could bring positive systemic change (Senge, 2006, p, 12).

Miller-Adams (2011) wrote that although several communities have been drawn to the successes of the Promise Scholarship in Michigan, other programs are not replicating the most important element; the provision of universal eligibility. The Kalamazoo Promise is granted to any student that graduates. This means that the high academic achiever and the lowest performing student qualify as long as they graduate. Furthermore, this benefit is available to all students regardless of their financial circumstance.

Along with the results that the Promise Scholarship has provided, similar programs seek economic development, an educated workforce, and regional vitality. The most important agenda for the Promise Scholarship is to increase college access for a majority of the local students while diminishing any financial hurdles. Universal eligibility for social programs has been debated for a long time by policymakers and researchers. Some view greater effectiveness by adding provisions that target a certain population, such as academic performance, personal merit, attendance behavior, community service involvement, or being a first-time college participant. By including such provisions, a program can capture the population that needs it the most. Finally, the Promise Scholarship may reduce educational inequality, one of the greatest challenges that leaders of influence have tried to address (Miller-Adams, 2011).

An additional way that educational leaders can alleviate student-loan debt for low-income students is to have their institution participate in the *Loan Repayment Assistance Program* (LRAP). According to Schrag and Pruett (2011), too many low-income students desiring to attend college and pursue a career in public service or a not-for-profit organization or government agency become worried. They become discouraged with such a career because of the escalating cost of college attendance and the risk of incurring excessive debt (p. 583).

While congressional leaders have introduced legislation to help reduce the burden of student loan debt burdens on college graduates, new legislation has also allowed institutions to create or restructure the LRAP program. This legislation provides significant debt relief for students choosing a public-service career and minimizes the potential costs associated with offering the LRAP program at an educational institution (Schrag & Pruett, 2011). A limited number of institutions have begun LRAP programs aimed at assisting students pursuing a career in law, nursing, clinical medical research, veterinary medicine, medicine, and the federal government (FinAid, 2015).

To qualify, the graduate would need to gain employment right after graduating, and then would apply for the LRAP program that the institution offers. Upon approval from the institution, the graduate would be awarded a specific yearly amount, with a lifetime maximum, towards loan forgiveness as outlined in the program. The calculation of the award is based on the graduate's low-paying public service job. The repayment program is funded by the educational institution (Schrag & Pruett, 2011).

Another program similar to the LRAP program, the *Low Income Protection Plan* (LIPP), raises the feasibility of pursuing a career in "public service work as government

attorneys, human rights activists, champions of civil rights, advocates for traditionally underserved populations, [government jobs, or academic jobs]" (Harvard Law School, 2015, para. 1). Because such careers lead to lower-income employment, LIPP provides the necessary assistance for graduates to maintain the ability to repay their student loans. "LIPP participants pay a limited portion of their annual income towards their annual loan repayment obligations. . . . LIPP then covers the remainder of their LIPP-eligible loan payments" (Harvard Law School, 2015).

The LIPP program does have certain restrictions and requirements. To qualify, graduates would need to enroll any time after graduating. Qualification is also determined by their job, debt, and income. It is also noted that applying for LIPP cannot be retroactive and is not available for students with past-due student loans or loans that are in forbearance or deferment. The term repayment period for the LIPP program is typically 10 years (Harvard Law School, 2015).

Rowan (2014) described the HR 395 proposed legislation introduced by New York legislator, Steve Israel. The aim of this bill is to provide additional assistance to student loan borrowers seeking to participate in the LRAP program. What is different about this bill is that it addresses employer-sponsored LRAPs. Very few organizations offer employer-sponsored LRAPs, and those that offer this benefit use it as a recruiting or retention method. This specific program would make monthly stipends to employees, provided that they demonstrate proof of payment towards their student loans. The proposed HR 395 legislation would amend the "IRS code to exclude from income any amounts your employer pays you to help with your student loans. The annual cap would be \$5,000 per year" (Rowan, 2014, para. 2). Furthermore, Rowan stated that,

currently, any student loan assistance you receive from your employer is taxable and will appear on your year-end W2. It's considered taxable income but when your paycheck is calculated, you likely won't see taxes deducted from this payment. You could actually end up owing taxes if you have your W4 deductions set so that you maximize your take-home and don't have a large refund expected. (para. 4)

Although the proposed bill was introduced on January 23, 2013, it died and was not enacted by Congress (Student Loan Employment Benefits Act of 2013).

Recently, certain business leaders have announced that they will pay for their employees' student loans as a benefit to help alleviate their debt burden. Those corporations are using the student-loan payoff as a way to attract employees in a competitive recruiting environment. Certain employers have received feedback from applicants that they would prefer the student-loan-payoff benefit over a 401k retirement plan and over a health plan. Employers realize that student loan debt has become a detriment in attracting quality employees. They also realize that offering to pay off student loans can help gain a recruiting edge and reduce employee turnover (Berman, 2015).

Pender (2015) also wrote about employers providing student loan payoff as a benefit to the new workforce. An employer has introduced a plan that will contribute an extra principal payment of \$100 each month for six years, helping their new and younger generation of employees. The contribution, however, becomes taxable income to the new employee. What is surprising, Pender (2015) stated, is that there are now "nearly 100 companies signed up to start rolling out the program next year". Since

"doctors, nurses, teachers and other employees in the public and not-for-profit sector have had access to various student loan repayment and forgiveness programs for years" (Pender, 2015, para. 7), private corporations realize the need to address this growing systemic issue.

An executive stated that it was cheaper to provide the student-loan-payoff benefit than give a raise (Pender, 2015). Employers are also becoming more involved with their employees by partnering up with student loan refinancing companies. Employers refer employees to the student loan refinancing company with the goal of reviewing the employee's loans. The employee benefits from an additional interest rate discount simply by being referred by the employer. The employer does not receive money, and the employer does not make payments on the loans (Pender, 2015).

To help promote business participation in this program, legislators have now introduced a bill that would allow employees to receive the student loan payoff payments tax-free. The HR1713 bill would, in essence, allow employees to have the same benefit as the yearly tax-free tuition assistance that is currently in place. The bill would increase that benefit by allowing up to \$6,000 a year in tax-free student loan payoff benefit. In order to qualify, the employee would be required to pay a minimum of \$50 per month out of pocket (Pender, 2015).

Conclusion

The purpose of this review of the literature has been to examine aspects of the implications of student loan debt for Hispanic graduates. The first part described the significance of student loan debt for society, and those of Hispanic background, as the levels of student loan borrowing has significantly surpassed \$1 trillion. Using the human

capital theory as the theoretical framework, in general, Hispanic families tend to motivate their children to pursue higher education, realizing that economical mobility is gained through college completion. However, Hispanics face challenges upon graduation.

Economic wealth for Hispanics is among the lowest compared to other populations; they also receive financial aid at one of the lowest rates compared to other populations. Because of those challenges, Hispanics face educational debt upon graduation. After that, they have to deal with lower starting salaries, as well. Therefore, compounding the economic challenges, Hispanic graduates face a debt burden that impacts life choices and may impair quality of life.

Leaders of influence were also discussed, such as the parent's role in leadership, and the challenges they face in trying to lead their children towards educational success. Leaders in government were discussed in terms of their opportunities to address the debt burden challenges that Hispanic graduates face. Legislation was also reviewed. Finally, how educational and business leaders have addressed the issue of student debt was analyzed.

Chapter 3: Methodology and Procedures

Introduction

Hispanic students choose to go to college and graduate with a bachelor's degree in order to gain greater economic mobility (Gandara, 1993). While many are of low-income background, to gain college access they elect to finance their education using student loans (Dowd, 2008; Taylor et al., 2012). More Hispanic graduates are attending college and incurring student loan debt. This correlational quantitative non-experimental research examines the implications of student loan debt for Hispanic graduates and their families after graduation.

Statement of the Problem

Student loan debt is becoming a major factor that is influencing certain aspects of a Hispanic student's life after they have graduated from institutions of higher learning (Baum & O'Malley, 2003; Gicheva, 2011; Gross et al., 2009; Mumper & Ark, 1991; Price, 2004; Smock et al., 2005). A review of the literature primarily focuses on research that discusses student debt burden on the general population but not on the Hispanic population. With many changes being made to the Higher Education Act (Mumper & Ark, 1991), continual increases in educational institutional tuition fees (Hearn, 2003), and shifts in the socioeconomic environment (Gradín, 2012), legislators, business leaders, educational leaders, and the general public are becoming more concerned with the potential growing risks associated with ballooning student debt levels (Ionescu & Ionescu, 2015).

What is more concerning, the Hispanic population includes a major portion of families that are of low-income background compared to other populations (DeNavas-

Walt et al., 2014, p. 6; Aud et al., 2010). Hispanic families who choose to have their children graduate from an educational institution as a way towards economic mobility, face the decision of incurring high levels of educational debt (Kandel & Lesser, 1969; Perna & Titus, 2005; Mortenson, 1988; Burdman, 2005). Since the Hispanic population continues to increase dramatically year over year (Passel et al., 2011), student loan borrowing behaviors and its implications on socioeconomic progress becomes a soaring issue (Mumper & Ark, 1991).

Purpose of the Study

Hispanic graduates desire to gain economic mobility by gaining college access; however, because Hispanic students are primarily from low-income families, they face student loan debt to attend an educational institution (Dowd, 2008; Taylor et al., 2012). Literature does not expand its research on Hispanic graduates and student loan implications. Research indicates that the general college graduate population is now facing student loan debt implications affecting their life decisions. Some of those graduates are unable to purchase a home, are delaying getting married, are electing to postpone having children, refrain from pursuing a graduate degree, are having to live with their parents, and are deferring or reducing retirement savings (Baum & O'Malley, 2003, p. 12; Baum & Saunders, 1998, p. 17; Harrast, 2004, p. 35; Long & Riley, 2007, p. 51; Metinko, 2015). For that reason, the purpose of this study is to review the relationship between student loan debt for Hispanic graduates and financial difficulty, decisions about purchasing a home, getting married, and having children.

Research Questions and Hypotheses

Through this study, the researcher sought to address the following research questions and null hypotheses:

RQ1. What is the relationship between student loan debt for Hispanic and non-Hispanic graduates and financial difficulty after graduation?

H₀1. There is no relationship between Hispanics and non-Hispanics having financial difficulty after graduation.

H_A1. There is a relationship between Hispanics and non-Hispanics having financial difficulty after graduation.

RQ2. What is the relationship between student loan debt for Hispanic and non-Hispanic graduates and purchasing a home?

H₀2. There is no relationship between Hispanics and non-Hispanics purchasing a home after graduation.

H_A2. There is a relationship between Hispanics and non-Hispanics purchasing a home after graduation.

RQ3. What is the relationship between student loan debt for Hispanic and non-Hispanic graduates and getting married?

H₀3. There is no relationship between Hispanics and non-Hispanics getting married after graduation.

H_A3. There is a relationship between Hispanics and non-Hispanics getting married after graduation.

RQ4. What is the relationship between student loan debt for Hispanic and non-Hispanic graduates and having children?

H₀4. There is no relationship between Hispanics and non-Hispanics having children after graduation.

H_A4. There is a relationship between Hispanics and non-Hispanics having children after graduation.

Research Methodology

The purpose of this was to explore and determine possible implications of the student loan debt of Hispanic college graduates. According to Kumar (2011), "if [the] focus is to measure the magnitude of that variation, 'how many people have a particular value, belief, etc.?', the quantitative designs are more appropriate" (pp. 104-105).

Kumar further explained that "observing a phenomenon and attempting to establish what caused it . . . that is, starting from the effects to trace the cause—... is classified as a non-experimental study" (p. 113).

The researcher selected a quantitative research approach over a qualitative methodology. The qualitative approach is "based on the philosophical orientation called phenomenology, which focuses on people's experience from their perspective" (Roberts, 2010, p. 143). Also, instead of using numbers in the research, people's experiences, their words, their reaction to situations, perception, and opinions become the data. Stainback and Stainback (1988) explained that "qualitative research differs from quantitative research in its theoretical/philosophical rationale" (as cited in Roberts, 2010, p. 142). On the other hand, quantitative research is described as logical positivism where the research starts with a set of detailed questions or hypotheses. Quantitative research includes the collection of data from surveys, tests, and experiments, and "designs include descriptive research, experimental research, quasi-

experimental research, ex post facto/causal comparative research, and correlational research" (Roberts, 2010, pp. 142-143).

Monsen and Horn (2007) stated that "descriptive research is an effective way to obtain information used in devising hypotheses and proposing associations" (p. 5). Thyer (2009) further described descriptive research as involving "the computation of statistics or parameters to describe a sample or a population" (p. 75). Such research is also used to gain insight into a large mass of data in a more simplistic manner. Although not an inference, it can bring some clarification of the data being analyzed (Thyer, 2009). However, "descriptive research cannot test or verify; analytic research is required to evaluate hypotheses or ascertain cause and effect" (Monsen & Horn, 2007, p. 5).

Experimental research is occasionally referred to "the scientific method" because of its popularity. This research approach patterns the science experiment method, there is a "controlled" environment, and that is the difference between a non-experimental approach (Muijs, 2004, p. 13). Muijs also noted that "when doing an experiment we want to control the environment as much as possible and only concentrate on those variables that we want to study" (p. 13).

Ary, Jacobs, Sorensen, and Walker (2013) stated that quasi-experimental designs have similarities to the randomized experimental approach where there is manipulation of the independent variable; however, the subjects are not randomized to the treatment groups. Further, these types of research designs do not provide full control, and researchers must understand the risk to either internal or external validity. Even though experimental research is a preferred method, this type of design is

considered worthwhile because although full control is not possible it does allow the researcher to gain reasonable conclusions (Ary et al., 2013).

Non-experimental studies include *ex post facto*, correlational research and survey research. With this approach, the researcher selects variables and searches for relationships but the variables are not manipulated (Ary et al., 2013; McBurney & White, 2009). Additionally non-experimental research "is often called correlational research because it seeks causes of behavior by looking for correlations among variables" (McBurney & White, 2009, p. 220).

Ex post facto research can be referred to as casual comparative research because it investigates cause-and-effect using independent and dependent variables to determine if there is a relationship (Ary et al., 2013). This research can be used if "an investigation involves attribute-independent variables that the researcher cannot manipulate". Ary et al. also stated that *ex post facto* (Latin for "after the fact") research is conducted after variation in the variable of interest has already been determined in the natural course of events" (p. 357).

Gay and Airasian (2000) wrote that "correlational research involves collecting data in order to determine whether, and to what degree, a relationship exists between two or more quantifiable variables" (p. 321). Gay and Airasian (2000) added that "the purpose of a correlational study may be to determine relationships between variables, or to use relationships in making predictions" (as cited in Johnson, 2000, p. 2).

Since the purpose of this study was to use statistical analysis to test the hypothesis that student loan debt has implications that affect Hispanics, the researcher determined that a correlational quantitative non-experimental study was the best design

for this study. Additionally, using a correlational study would "determine whether or not two variables are correlated" (Siddharth, 2011, para. 1).

By selecting a correlational quantitative non-experimental research study rather than a qualitative design, the findings of this study can be replicated in future research. As Kumar (2011) stated,

in quantitative research enough detail about a study design is provided for it to be replicated for verification and reassurance. . . .findings through quantitative study designs can be replicated and retested whereas this cannot be easily done by using qualitative study designs. (p. 104)

Further, the researcher selected a retrospective longitudinal study design. As stated by Kumar (2011), "retrospective studies investigate a phenomenon, situation, problem or issue that has happened in the past" (p. 111). In this study, the secondary data provided by the National Center for Education Statistics permitted the subjects to describe the effects caused by their student loan debts.

Data Selection Process

To collect data for this study, the researcher extracted secondary data from 2008/12 Baccalaureate and Beyond Longitudinal Study data files (B&B:08/12). The researcher gathered data from those statistical records by making customized data queries using PowerStats, which is provided by NCES. The B&B:08/12 data had been collected nationwide from approximately 13,500 post-baccalaureate sample members.

Definition of Analysis

The researcher utilized a longitudinal approach to the analysis of the data. This research used archived longitudinal statistical data that were gathered from surveys

during the 2007-08 (NPSAS:08) academic year, a first follow-up in 2009 (B&B:08/09), and a second follow-up in 2012 (B&B:08/12) in aggregate. The conceptual framework for this study was based upon a longitudinal view, from graduating with debt to a future analysis of possible life-altering repercussions. The data source was utilized in regression and descriptive analysis using PowerStats.

Data Gathering Instrument

The 2008/12 Baccalaureate and Beyond Longitudinal Study (B&B:08/12) used in this study is the primary source of student debt information data from the U.S. Department of Education, National Center for Education Statistics (National Center for Education Statistics, 2014). The questionnaire gathered information from college graduates covering topics related to student debt levels and life implications. The questionnaire included demographic information, questions related to financial difficulties, implications for marriage, having children, and home buying.

After considering various data sources within the U.S. Department of Education, NCES website such as the B&B:08/12, Beginning Postsecondary Students Longitudinal Study, Career/Technical Education Statistics, High School and Beyond, the Integrated Postsecondary Education Data System, and the National Postsecondary Student Aid Study, it was decided to utilize an appropriate and proven instrument (Roberts, 2010). The B&B:08/12 survey was used to retrieve information from the public domain of the NCES website.

The B&B:08/12 survey instrument is a second follow-up survey of students who have graduated with a baccalaureate degree and identified in the 2007-08 National Postsecondary Student Aid Study. The survey focuses on those four-year students'

post-baccalaureate education and employment. The collection of the data for the survey took place during the 2012 and 2013 academic year (Cominole, Shepherd, Siegel, & Socha, 2015). The instrument included items from interviews with B&B:93/03 and B&B:2000/01 subjects and also the B&B:08/09 interview. By including a Technical Review Panel from NCES, it also included items such as degree attainment, continuing or graduate education, employment, debt and finances, and interest in or preparation for K-12 teaching (Cominole et al., 2015).

Validity and Reliability

According to Roberts (2010), "validity is the degree to which your instrument truly measures what it purports to measure" (p. 151). The instrument used to capture the data was designed as mixed-mode. A single web-based instrument was used for both the self-administered interview and the interviewer-administered interviews. To minimize mode effect issues with the survey, several methodological features were included in the instrument, such as help text on every form, telephone interviewer instructions on each form, pop-up messages when the subject entered incorrect formatting, and conversion text to encourage responding when the sample member did not provide a response (National Center for Education Statistics, 2014).

The recording of the data was tested through a re-interview process while selecting 29 selected items from the original set used for the interviews. Additionally, the re-interviews took place three to four weeks following the initial interview using the same format. Further, there was a random selection of a subsample of about 320 interviewed respondents to allow for analysis of reliability (National Center for Education Statistics, 2014).

Data Gathering Procedures

The study's design comprised archival research. The archival research design B&B:08/12 data collection used a single web-based interview in two modes: self-administered web-based and telephone. The B&B:08/12 collection of the data started on August 21, 2012 and ended on October 18, 2012. Using a single web-based format, the administrators of the survey used help text and telephone interviewer instructions on the forms, using pop-up messages if sample members included an incorrect information format and conversion text if they did not complete an item.

Training was provided for the telephone interviewers and the supervisors. The training helped guide the interviewers to strategically locate sample members through the use of address sources, phone sources, e-mails, telephone prompting, and refusal conversion. Through the use of a call center, the data gathering was supported by a help desk and tracing activities. The sample members received the link to the survey website via mail and email communication along with detailed information of the study. The NCES administrators of the survey evaluated and managed the data quality. (Cominole et al., 2015). Using the PowerStats program provided by the NCES website, the researcher identified and selected variables appropriate to the study. The researcher for this study used PowerStats for the gathering and analysis of the archival data.

Protection of Human Subjects in Research

The researcher considered the protection of the participants in the research study when considering ethical issues of confidentiality, informed consent, and protection from harm (Roberts, 2010). The researcher completed the online Human

Participant Protections Education for research tutorial before conducting the research. Additionally, a Pepperdine University Institutional Review Board application for exemption was submitted (Appendix A) for this research.

Summary

The Hispanic population continues to grow throughout the United States, and since a majority of the population includes families of low-income background, there is a growing interest in gaining college access. Gaining a college degree is a desire for many families because it will help economic mobility. However, graduates face student loan debt upon completion.

This research aims to fill partially the gap in literature about Hispanic graduates who have incurred student loan debt after graduating from an educational institution. The literature has focused on the general population, and the implications for life decision implications after incurring student loan debt have not been analyzed. The researcher employed a quantitative non-experimental correlational approach. Using a quantitative method is appropriate since it allows "for replication for verification and reassurance...findings through quantitative study designs can be replicated and retested" (Kumar, 2011, p.104).

The researcher extracted secondary data using the 2008/12 Baccalaureate and Beyond Longitudinal Study data files (B&B:08/12) for this study. The original study had approximately 13,500 post-baccalaureate sample members. They participated in a nationwide survey, and the conceptual framework was the longitudinal observation of graduates with debt and the associated life altering implications.

The research examined the research questions and hypothesis covering the relationship between student loan debt for Hispanic graduates and financial difficulty and effects on purchasing a home, getting married, and having children. The researcher conformed to the ethical and legal obligations required by the Institutional Review Board at Pepperdine University.

Chapter 4: Results

Introduction

The purpose of this study is to focus on the implications of student loan debt for Hispanic college graduates. In this study, a correlational quantitative non-experimental research design focused on the relationship between student loan debt for Hispanic graduates having financial difficulty, purchasing a home, getting married, and having children after graduation. This chapter examines the results of the study. The research design is discussed, followed by the statistical treatments of the data, the results of the analysis, and the summary of the results. The results are organized according to the research questions that guided this study, as stated in Chapter 1:

RQ1. What is the relationship between student loan debt for Hispanic and non-Hispanic graduates and financial difficulty after graduation?

H₀1. There is no relationship between Hispanics and non-Hispanics having financial difficulty after graduation.

H_A1. There is a relationship between Hispanics and non-Hispanics having financial difficulty after graduation.

RQ2. What is the relationship between student loan debt for Hispanic and non-Hispanic graduates and purchasing a home?

H₀2. There is no relationship between Hispanics and non-Hispanics purchasing a home after graduation.

H_A2. There is a relationship between Hispanics and non-Hispanics purchasing a home after graduation.

RQ3. What is the relationship between student loan debt for Hispanic and non-Hispanic graduates and getting married?

H₀3. There is no relationship between Hispanics and non-Hispanics getting married after graduation.

H_A3. There is a relationship between Hispanics and non-Hispanics getting married after graduation.

RQ4. What is the relationship between student loan debt for Hispanic and non-Hispanic graduates and having children?

H₀4. There is no relationship between Hispanics and non-Hispanics having children after graduation.

H_A4. There is a relationship between Hispanics and non-Hispanics having children after graduation.

The PowerStats system from the National Center for Education Statistics (NCES) website was utilized to analyze data from the 2008/12 Baccalaureate and Beyond Longitudinal Study (B&B:08/12). The data was filtered to include only students who received their bachelor's degrees in 2007-2008 and were followed for four years in the study. This produced a respondent sample size of approximately 13,500 students. To answer the research questions concerning Hispanic graduates, the data was analyzed for both descriptive statistics and regression models using the PowerStats system.

Research Question 1

The first research question that guided this study was: RQ1. What is the relationship between student loan debt for Hispanic and non-Hispanic graduates and financial difficulty after graduation? This portion of the results includes descriptive

statistics for the criterion variable (Financial difficulty in past 12 months as of 2012) and the predictor variable (Race: Hispanic or Latino origin). Descriptive statistics allows clarification of the data and insight in a more simplistic manner (Thyer, 2009, p. 75). Table 1 summarizes descriptive statistics for financial difficulty in the previous 12 months as of 2012.

Table 1

Descriptive Statistics: Financial Difficulty in past 12 Months as of 2012

	Met all essential expenses (%)	Did not meet all essential expenses(%)	Total
Total	76.0	24.0	100%
Not of Hispanic or Latino origin	76.7	23.3	100%
Hispanic or Latino origin	69.0	31.0	100%

Note. The variables used in this table are *HISPANIC* and *B2FSTRESS*. The weight variable used is *WTE000*. Source: E. Rodriguez 2016 adapted from 2008/12 Baccalaureate and Beyond Longitudinal Study (B&B: 08/12), US Department of Education, Institution of Education Sciences, National Center for Education Statistics.

Table 1 provides output from a sample size of approximately 13,500 participants. The analysis shows that 24.0% of all respondents indicated that they had had financial difficulty in the previous 12 months as of the year 2012 and did not meet all essential expenses. While 23.3% of the non-Hispanic population said that they were not meeting all essential expenses 31.0% of Hispanic or Latinos said they were having financial difficulties and were not meeting essential expenses.

As a consequences of this observance in disparity between Hispanics and Non-Hispanics, the researcher decided to run some regression analysis reports using Power Stats. The results may be viewed in Tables 2, 3 and 4 respectively. The PowerStats

reports show that there is a statistical difference between Hispanics and Non-Hispanics (p value 0.000, see Table 2).

Table 2

Logistic Regression Analysis of Financial Difficulty in Previous 12 Months as of 2012, based on Race: Hispanic or Latino origin (Full Sample Regression Coefficients)

	Std.B	S.E.	<i>t</i>	p-value
Hispanic or Latino Origin	-0.052	0.013	-3.912	0.000

Note. Dependent variable: Financial difficulty in past 12 months as of 2012. Reference category: Yes, did not meet all essential expenses. The variables used in this regression are *B2FSTRESS* and *HISPANIC*. *Source:* E. Rodriguez 2016 adapted from 2008/12 Baccalaureate and Beyond Longitudinal Study (B&B: 08/12), US Department of Education, Institution of Education Sciences, National Center for Education Statistics.

However, further analysis showed each race was statistically different when compared to all the remaining races regarding the question of having financial difficulty in the past 12 months as revealed in Table 3. Because of these results, further odds reports were reviewed to distinguish Hispanics as revealed on Table 4.

Table 3

Logistic Regression Analysis of Financial Difficulty in Previous 12 Months as of 2012, by all Races (Full Sample Regression Coefficients)

	Std.B	S.E.	<i>t</i>	p-value
Hispanic or Latino Origin	0.042	0.014	2.964	0.003
White	-0.061	0.028	-2.175	0.031
Black or African American	0.110	0.027	4.122	0.000
Asian	-0.065	0.020	-3.312	0.001

Note. Dependent variable: Financial difficulty in past 12 months as of 2012. Reference category: Yes, did not meet all essential expenses. The variables used in this regression are *B2FSTRESS*, *HISPANIC*, *RABLACK*, *RAWHITE*, and *RAASIAN*. Source: E. Rodriguez 2016 adapted from 2008/12 Baccalaureate and Beyond Longitudinal Study (B&B: 08/12), US Department of Education, Institution of Education Sciences, National Center for Education Statistics.

Table 4

Logistic Regression Analysis of Financial Difficulty in Previous 12 Months as of 2012, by all Races (Odds Ratio)

	<i>Odds Ratio</i>	<i>Lower 95%</i>	<i>Upper 95%</i>	<i>t</i>	<i>p-value</i>	<i>b</i>
Intercept	0.380	0.277	0.521	-6.046	0.000	-0.969
Hispanic or Latino Origin	1.384	1.126	1.700	3.109	0.002	0.325
White	0.715	0.528	0.967	-2.190	0.030	-0.336
Black or African American	2.029	1.421	2.896	3.920	0.000	0.708
Asian	0.543	0.376	0.784	-3.283	0.001	-0.610

Note. Dependent variable: Financial difficulty in past 12 months as of 2012. Reference category: Yes, did not meet all essential expenses. The variables used in this regression are *B2FSTRESS*, *HISPANIC*, *RABLACK*, *RAWHITE*, and *RAASIAN*. Source: E. Rodriguez 2016 adapted from 2008/12 Baccalaureate and Beyond Longitudinal Study (B&B: 08/12), US Department of Education, Institution of Education Sciences, National Center for Education Statistics.

Table 4 reveals surprising results in that it suggests that all races experience financial difficulty when asked the question in 2012 and were statistically different for each of the races when they were compared to the other races respectively. However, further review of the Odds Report from Power Stats as shown in Table 4 shows that Hispanic students are almost twice as more likely than White students to have financial difficulty in the past 12 months as of 2012 and two and a half times more likely than Asian students. The Blacks or African Americans answered more affirmative on the financial difficulty question. Blacks or African Americans were almost three (2.84) times more likely than Whites and almost four (3.74) times more likely than Asians to have financial difficulties.

Research Question 2

The second research question that guided this study was: RQ2. What is the relationship between student loan debt for Hispanic and non-Hispanic graduates and purchasing a home? This portion of the results includes descriptive statistics for the criterion variable (Education cost: delayed buying a home as of 2012) and the predictor variable (Race: Hispanic or Latino origin). The 2008/12 Baccalaureate and Beyond Longitudinal study (B&B:08/12) data set from the National Center for Education (NCES) website was used. Table 5 summarizes descriptive statistics for Education cost: delayed buying a home as of 2012.

Table 5

Descriptive Statistics: Education cost: Delayed buying a home, in 2012, by Race: Hispanic or Latino Origin

	Did not delay buying a home (%)	Yes, delayed buying a home (%)	Total
Total	62.2	37.8	100%
Not of Hispanic or Latino origin	62.8	37.2	100%
Hispanic or Latino origin	57.0	43.0	100%

Note. The variables used in this table are *B2FAFFHOME* and *HISPANIC*. The weight variable used is *WTE000*. *Source:* E. Rodriguez 2016 adapted from 2008/12 Baccalaureate and Beyond Longitudinal Study (B&B: 08/12), US Department of Education, Institution of Education Sciences, National Center for Education Statistics.

Table 5 provides output of the analysis, showing that 37.8% of all respondents indicated that educational debt had delayed the purchase of a home. While 37.2% of the non-Hispanic population indicated that educational debt had delayed their buying a home, 43.0% of Hispanic or Latinos said that educational debt had delayed home purchase.

To further review this disparity between Hispanics and Non-Hispanics, the researcher decided to run some regression analysis reports using Power Stats. The results are shown below in Tables 6, 7 and 8 respectively. The Power Stats reports show that there is a statistical difference between Hispanics and Non-Hispanics (p value 0.010, see Table 6).

Table 6

Logistic Regression Analysis of Education cost: Delayed buying a home, in 2012, based on Race: Hispanic or Latino origin (Full Sample Regression Coefficients)

	Std.B	S.E.	t	p-value
Hispanic or Latino Origin	-0.034	0.013	-2.610	0.010

Note. Dependent variable: Education cost: Delayed buying a home, in 2012. Reference category: Yes, delayed buying a home. The variables used in this regression are *B2FAFFHOME* and *HISPANIC*.
Source: E. Rodriguez 2016 adapted from 2008/12 Baccalaureate and Beyond Longitudinal Study (B&B: 08/12), US Department of Education, Institution of Education Sciences, National Center for Education Statistics.

However, further analysis showed only two races, White and Asian, were statistically different when compared to all the remaining races regarding the question that education debt delayed buying a home in 2012 as revealed in Table 7.

Table 7

Logistic Regression Analysis of Education Cost: Delayed Buying a Home, in 2012, by all Races (Full Sample Regression Coefficients)

	<i>Std.B</i>	<i>SE</i>	<i>t</i>	<i>p-value</i>
Hispanic or Latino Origin	-0.021	0.013	-1.565	0.119
White	0.083	0.023	3.674	0.000
Asian	0.063	0.017	3.777	0.000
Black or African American	0.015	0.021	0.710	0.479

Note. Dependent variable: Education cost: Delayed buying a home, in 2012. Reference category: Yes, delayed buying a home. The variables used in this regression are *B2FAFFHOME*, *HISPANIC*, *RABLACK*, *RAWHITE*, and *RAASIAN*. Source: E. Rodriguez 2016 adapted from 2008/12 Baccalaureate and Beyond Longitudinal Study (B&B: 08/12), US Department of Education, Institution of Education Sciences, National Center for Education Statistics.

In review of Table 7, one concludes that there is no significance between Hispanics and educational debt delaying buying a home in 2012 (p value at 0.119). Also no significance between Black or African American and educational debt delaying buying a home in 2012 (p value at 0.479). However there appears to be a significance with the White and Asian students with both having a p value of 0.000.

Research Question 3

The third research question that guided this study was RQ3. What is the relationship between student loan debt for Hispanic and non-Hispanic graduates and getting married? This portion of the results includes descriptive statistics for the criterion variable (Education cost: delayed getting married as of 2012) and the predictor variable (Race: Hispanic or Latino origin). The 2008/12 Baccalaureate and Beyond Longitudinal

study (B&B:08/12) data set from the National Center for Education (NCES) website was used. Table 5 summarizes descriptive statistics for Education cost: delayed getting married as of 2012.

Table 8

Descriptive Statistics - Education Cost: Delayed Getting Married, in 2012

	Did not delay getting married (%)	Yes, delayed getting married(%)	Total
Total	78.1	21.9	100%
Not of Hispanic or Latino origin	79.2	20.8	100%
Hispanic or Latino origin	67.4	32.6	100%

Note. The variables used in this table are: *B2FAFFMARR* and *HISPANIC*. The weight variable used in this table is *WTE000*. *Source:* E. Rodriguez 2016 adapted from 2008/12 Baccalaureate and Beyond Longitudinal Study (B&B: 08/12), US Department of Education, Institution of Education Sciences, National Center for Education Statistics.

Table 8 provides output of the analysis, showing that 21.9% of all respondents indicated that educational debt had delayed them getting married. While 20.8% of the non-Hispanic population indicated that educational debt had delayed marriage, 32.6% of Hispanic or Latinos said that educational debt has delayed them getting married.

For another view on this disparity between Hispanics and Non-Hispanics, the researcher ran some regression analysis reports using Power Stats. The results are shown below in Tables 9, 10 and 11 respectively. The Power Stats reports show that there is a statistical difference between Hispanics and Non-Hispanics (p value 0.010, see Table 9).

Table 9

Logistic Regression Analysis of Education cost: Delayed getting married, in 2012, based on Race: Hispanic or Latino origin (Full Sample Regression Coefficients)

	Std.B	S.E.	<i>t</i>	p-value
Hispanic or Latino Origin	-0.082	0.016	-5.241	0.000

Note. Dependent variable: Education cost: Delayed getting married, in 2012. Reference category: Yes, delayed getting married. The variables used in this regression are *B2FAFFMARR* and *HISPANIC*.

Source: E. Rodriguez 2016 adapted from 2008/12 Baccalaureate and Beyond Longitudinal Study (B&B: 08/12), US Department of Education, Institution of Education Sciences, National Center for Education Statistics.

However, further analysis showed each race was statistically different when compared to all the remaining races regarding the question that education debt delayed getting married in 2012 as revealed in Table 10.

Table 10

Logistic Regression Analysis of Education Cost: Delayed Getting Married, in 2012, by all Races (Full Sample Regression Coefficients)

	<i>Std.B</i>	<i>SE</i>	<i>t</i>	<i>p-value</i>
Hispanic or Latino Origin	-0.069	0.016	-4.385	0.000
White	0.102	0.022	4.543	0.000
Asian	0.030	0.018	1.616	0.108
Black or African American	-0.012	0.019	-0.629	0.530

Note. Dependent variable: Education cost: Delayed getting married, in 2012. Reference category: Yes, delayed getting married. The variables used in this regression are *B2FAFFMARR*, *HISPANIC*, *RABLACK*, *RAWHITE*, and *RAASIAN*. Source: E. Rodriguez 2016 adapted from 2008/12 Baccalaureate and Beyond Longitudinal Study (B&B: 08/12), US Department of Education, Institution of Education Sciences, National Center for Education Statistics.

Table 11

Logistic Regression Analysis of Education Cost: Delayed Getting Married, in 2012, by all Races (Odds Ratio)

	<i>Odds Ratio</i>	<i>Lower 95%</i>	<i>Upper 95%</i>	<i>t</i>	<i>p-value</i>	<i>b</i>
Intercept	2.428	1.919	3.071	7.445	0.000	0.887
Hispanic or Latino Origin	0.597	0.479	0.743	-4.637	0.000	-0.516
White	1.738	1.370	2.205	4.579	0.000	0.553
Black or African American	1.243	0.902	1.714	1.339	0.182	0.218
Asian	0.901	0.698	1.164	-0.801	0.424	-0.104

Note. Dependent variable: Education cost: Delayed getting married, in 2012. Reference category: Yes, delayed getting married. The variables used in this regression are *B2FAFFMARR*, *HISPANIC*, *RABLACK*, *RAWHITE*, and *RAASIAN*. Source: E. Rodriguez 2016 adapted from 2008/12 Baccalaureate and Beyond Longitudinal Study (B&B: 08/12), US Department of Education, Institution of Education Sciences, National Center for Education Statistics.

Table 10 suggests that both Hispanics and Whites experience delay in getting married when asked the question in 2012 (p value 0.000) and there was no statistical difference for both Asian and Black or African Americans when compared to the other races. Further review of the Odds Report from PowerStats, as shown in Table 11, shows that Hispanic and Asian students are less likely, than White and Black or African American students, to delay getting married in 2012.

Research Question 4

The last research question that guided this study was RQ4. What is the relationship between student loan debt for Hispanic and non-Hispanic graduates and having children? This portion of the results includes descriptive statistics for the criterion

variable (Education cost: delayed having children in 2012) and the predictor variable (Race: Hispanic or Latino origin). The 2008/12 Baccalaureate and Beyond Longitudinal study (B&B:08/12) data set from the National Center for Education (NCES) website was used. Table 12 summarizes descriptive statistics for Education cost: delayed having children as of 2012.

Table 12

Descriptive Statistics: Education Cost: Delayed Having Children, in 2012, by Race

	Did not delay having children (%)	Yes, delayed having children(%)	Total
Total	71.2	28.8	100%
Not of Hispanic or Latino origin	72.1	27.9	100%
Hispanic or Latino origin	62.2	37.8	100%

Note. The variables used in this table are: *B2FAFFCHLD* and *HISPANIC*. The weight variable used is *WTE000*. *Source:* E. Rodriguez 2016 adapted from 2008/12 Baccalaureate and Beyond Longitudinal Study (B&B: 08/12), US Department of Education, Institution of Education Sciences, National Center for Education Statistics.

Table 12 provides output of the analysis, showing that 28.8% of all respondents indicated that educational debt had delayed them having children. While 27.9% of the non-Hispanic population said that educational debt had delayed them having children, and 37.8% of Hispanic or Latino's said that educational debt had delayed them having children.

Upon further review on this disparity between Hispanics and Non-Hispanics, the researcher ran some regression analysis reports using Power Stats. The results are shown below in Tables 13, 14 and 15 respectively. The Power Stats reports show that

there is a statistical difference between Hispanics and Non-Hispanics (p value 0.000, see Table 13).

Table 13

Logistic Regression Analysis of Education cost: Delayed having children, in 2012, based on Race: Hispanic or Latino origin (Full Sample Regression Coefficients)

	Std.B	S.E.	t	p-value
Hispanic or Latino Origin	-0.063	0.012	-5.053	0.000

Note. Dependent variable: Education cost: Delayed having children, in 2012. Reference category: Yes, delayed having children. The variables used in this regression are *B2FAFFCHLD* and *HISPANIC*.
Source: E. Rodriguez 2016 adapted from 2008/12 Baccalaureate and Beyond Longitudinal Study (B&B: 08/12), US Department of Education, Institution of Education Sciences, National Center for Education Statistics.

However, further analysis showed each race was statistically different when compared to all the remaining races regarding the question education debt delayed having children in 2012 as revealed in Table 14. Not for Blacks see table 14. Further analysis shows Hispanics, Whites and Asians different from other races but not the Blacks or African Americans when it came to the question that educational debt delayed having children.

Table 14

Logistic Regression Analysis of Education Cost: Delayed Having Children, in 2012, by all Races (Full Sample Regression Coefficients)

	<i>Std.B</i>	<i>SE</i>	<i>t</i>	<i>p-value</i>
Hispanic or Latino Origin	-0.051	0.013	-3.846	0.000
White	0.080	0.022	3.646	0.000
Asian	0.045	0.017	2.685	0.013
Black or African American	0.003	0.019	0.172	0.887

Note. Dependent variable: Education cost: Delayed having children, in 2012. Reference category: Yes, delayed having children. The variables used in this regression are *B2FAFFCHLD*, *HISPANIC*, *RABLACK*, *RAWHITE*, and *RAASIAN*. Source: E. Rodriguez 2016 adapted from 2008/12 Baccalaureate and Beyond Longitudinal Study (B&B: 08/12), US Department of Education, Institution of Education Sciences, National Center for Education Statistics.

Table 15

Logistic Regression Analysis of Education Cost: Delayed Having Children, in 2012, by all Races (Odds Ratio)

	<i>Odds Ratio</i>	<i>Lower 95%</i>	<i>Upper 95%</i>	<i>t</i>	<i>p-value</i>	<i>b</i>
Intercept	1.773	1.411	2.228	4.944	0.000	0.573
Hispanic or Latino Origin	0.694	0.578	0.833	-3.941	0.000	-0.365
White	1.529	1.213	1.927	3.620	0.000	0.425
Black or African American	1.448	1.083	1.935	2.515	0.887	0.370
Asian	1.019	0.788	1.317	0.143	0.013	0.019

Note. Dependent variable: Education cost: Delayed having children, in 2012. Reference category: Yes, delayed having children. The variables used in this regression are *B2FAFFCHLD*, *HISPANIC*, *RABLACK*, *RAWHITE*, and *RAASIAN*. *Source:* E. Rodriguez 2016 adapted from 2008/12 Baccalaureate and Beyond Longitudinal Study (B&B: 08/12), US Department of Education, Institution of Education Sciences, National Center for Education Statistics.

In review of Table 14, one concludes that there is a statistical significance between Hispanics (p value 0.000), Whites (p value 0.000) and Asians (p value 0.013) and delay of children due to educational debt. However, there was no statistical significance between Black or African Americans (p value 0.887). However, further review of the Odds Report from PowerStats, as shown in Table 15, shows that Hispanics students are less likely, than White and Asian students, to delay having children in 2012.

In conclusion, this research analyzed the 2008/12 Baccalaureate and Beyond Longitudinal study (B&B:08/12) data set from the National Center for Education (NCES) website to determine the relationship between student loan debt for Hispanic and non-

Hispanic graduates and financial difficulty, delay in home purchase, delay in getting married, and delay in having children after graduation. The results of this analysis showed that all races experience financial difficulty when asked the question in 2012 and were statistically different for each of the races when they were compared to the other races respectively. However, the Odds Report in Table 4 shows that Hispanic students are almost twice as more likely than White students and two and a half times more likely than Asian students to have financial difficulty in the past 12 months as of 2012. Blacks or African Americans were almost three times more likely than Whites and four times more likely than Asians to have financial difficulties. There was no significance between Hispanics and delay of home buying and educational debt in 2012. There was also a positive correlation between delay in getting married and educational debt for Hispanics and Whites. However, the Odds Report in Table 11 shows that Hispanics are less likely than Whites to delay marriage in 2012. Finally, there was a positive correlation between delay in having children and educational debt for Hispanics, Whites, and Asians. The Odds Report in Table 15 indicated that Hispanics students are less likely than White and Asian students to delay having children in 2012. The final chapter will discuss the results of the study; make recommendations for research, policy and practice; and provide some concluding statements.

Chapter 5: Discussion, Recommendations and Conclusions

Introduction

The purpose and design of this correlational quantitative non-experimental research focused on the relationship between student loan debt for Hispanic graduates having financial difficulty, delay in purchasing a home, delay in getting married, and delay in having children. As discussed in the previous chapter, a sample of approximately 13,500 post-baccalaureate members using the 2008/12 Baccalaureate and Beyond Longitudinal Study data files (B&B:08/12) from the NCES website was utilized. This chapter consists of discussion findings, implications for students, implications for society, implications for governmental policies, and implications for higher education institutions.

Null Hypothesis 1.

H₀1. There is no relationship between Hispanics and non-Hispanics having financial difficulty after graduation.

The researcher rejected the null hypothesis. The data ($p \leq .05$) suggests that a statistical association exists between student loan debt for Hispanics and non-Hispanic graduates and financial difficulty after graduation. Graduating with student loan debt incurs a level of financial burden for all student populations. However, according to the Odds Report in Table 4, Hispanics students are almost twice as more likely than White students and two and a half times more likely than Asian student to have financial difficulty in the past 12 months as of 2012. Blacks or African Americans were almost three times more likely than Whites and four times more likely than Asians to have

financial difficulties. Current literature indicates that the desire of most Americans is to pursue a college degree to improve their financial stability upon graduation.

While Hispanics desire social mobility through education, the literature also points out that certain Hispanic families have faced dire financial challenges following the Great Recession. Hispanic household wealth dropped substantially during this period (Taylor et al., 2012). Along with this, Hispanics were the most affected by average unemployment levels, which were higher than for other groups and higher than the national average (Taylor et al., 2012; Campbell, 2015). Upon graduating, Hispanics also face lower starting salaries compared to other groups, which further compounds the economic challenges (Baum & O'Malley, 2003).

Null Hypothesis 2.

H₀2. There is no relationship between Hispanics and non-Hispanics purchasing a home after graduation.

The researcher could not reject the null hypothesis. The data ($p \geq .05$) suggests there was no statistical association exists between student loan debt for Hispanics (p value at 0.119) and delay of home buying and educational debt in 2012. Also, there was no difference between Black or African American and the rest of the other races (p value at 0.479). Although there might not be a difference with this group, the literature did indicate that because of financial constraints following the Great Recession, Hispanics delayed or canceled buying a home (Taylor et al., 2012).

According to literature, the American dream is becoming more distant for Hispanics aspiring to become homeowners. Since home ownership continues to be a representation of economic prosperity, Hispanic families and, in particular, Hispanic

college graduates focus on home ownership as the main objective of building their wealth (Shin, 2015). In addition, literature has pointed out racial and ethnic inequality in home ownership. A much larger percentage of non-Hispanic groups are homeowners, and homes are affordable because of higher starting wages, and lower unemployment figures (Campbell, 2015; Shin, 2015; Taylor et al., 2012).

Null Hypothesis 3.

H₀3. There is no relationship between Hispanics and non-Hispanics getting married after graduation.

The researcher rejected the null hypothesis. The data revealed that there is a statistical association between student loan debt for Hispanic graduates and getting married after graduation when compared to other races. However, this result was the same for White students (p value 0.000 for both). Further review of the Odds Report from Power Stats as shown in Table 11 shows that Hispanics students are less likely than White students to delay marriage in 2012.

According to Baum and O'Malley (2003), there is evidence that graduates with educational debt choose to delay marriage specifically for financial reasons. Other studies reviewing demography, sociology, and economics point out that economic stability is linked to stability of marriage and a greater probability of getting married. Additionally, those who have achieved a higher educational level and are sound financially have a greater probability of choosing to marry (Smock et al., 2005). On the other hand, the literature does indicate that socioeconomics has influenced marriage to the point that some choose premarital coitus as a precursor to marriage. Certain Hispanic groups view marriage as a *part of God's plan* and may choose to not allow

financial constraints to delay their plans to marry (Smock et al., 2005; Oropesa, 1996). This could explain the differences between the Hispanic and White student sample groups.

Null Hypothesis 4.

H₀4. There is no relationship between Hispanics and non-Hispanics having children after graduation.

The researcher rejected the null hypothesis. The data ($p \leq .05$) suggests that a statistical association exists between student loan debt for Hispanics (p value 0.000), Whites (p value 0.000) and Asians (p value 0.013) and delay of children due to educational debt. However, there was no statistical significance between Blacks or African Americans (p value 0.887). However, further review of the Odds Report from Power Stats as shown in Table 15 shows that Hispanics students are less likely than White and Black or Asian students to delay having children in 2012. Financial constraints deters borrowers from having children. The literature indicates that finances and debt balances are critical for young adults as their economic situation is a major factor in forming a family. They do not want to find themselves having economic struggles, they want to take care of any debt, and ideally prefer a main breadwinner for the home (Baum & O'Malley, 2003; Smock et al., 2005). Within the last century, family formation has also gone through changes where fertility has decreased (Oropesa, 1996). Other research provides evidence that low-income families face financial budget constraints following educational debt and "strong effects of family income, race, and ethnicity on educational debt burden" (Price, 2004, p. 1).

As previously mentioned, there is a trickle-down effect for Hispanics that starts with financial difficulty. If the average salaries of Hispanic graduates are significantly lower than those of non-Hispanics, this delays marriage (Bensimon & Dowd, 2009; Price, 2004). Because Hispanic low-income graduates choose to address their educational debt, and prioritize home ownership, plans for having children are delayed. Further based on this research, the original concept proposed by Becker (1964) and lately by Kessler and Lulfesmann (2006) of developing the human life capital by obtaining general skills and gaining higher education with expectations of higher future earnings to gain social mobility may be elusive for Hispanics and other minorities.

Implications for Students

The American Dream of progressing economically by having equal access to high-quality human capital investment may be tenuous to some disadvantaged groups. Corak (2013) concluded that "the interaction between families, labor markets, and public policies all structure a child's opportunities and determine the extent to which adult earnings are related to family background--but they do so in different ways across national contexts" (p. 2). Corak (2013) posits that those "families with more human capital invest more in their children" (p. 13). Such investments are more likely to be swayed by money, and wealthy parents have greater means to develop their child's skills in their earlier years. Other non-monetary investments that the wealthy instill in their children is their behavior development, motivation, to aspire, and are able to use their connections and networks so that their children gain access to selective schools and to particular employers. Corak (2013) conjectures, "Certainly the children of high-income families will find it easier to afford college" (p. 13). Therefore, investing in high

quality human capital (higher education) to gain social mobility may be significantly different for those of color as encountered in this research.

One of the major findings this study revealed was that with increases in educational debt, both Hispanic and non-Hispanic populations experience financial challenges that affect major areas in life such as home purchase, marriage, and having children. This poses a substantial setback for students trying to establish economic wealth and decelerates economic mobility.

In particular for Hispanic students, these effects are amplified since starting salaries for Hispanic graduates are the lowest among all groups (Baum & O'Malley, 2003; Price, 2004). Although families strongly desire that their children earn a college degree, selecting an elite institution becomes less of a first choice because of potential debt implications with no guarantee of a higher starting salary. Rather, attending a two-year college and thereafter transferring to a non-elite institution avoids or reduces debt (Bensimon & Dowd, 2009). Because the workforce environment continues to become more competitive, Hispanics are more likely to remain disadvantaged and denied opportunities for leadership and power positions (Bensimon & Dowd, 2009). The effect of student debt is compounding. Rather than maximizing economic mobility opportunities, Hispanics face inequality of opportunity in both of education and employment.

Further, Hispanic graduates choosing to pursue higher education and those who choose an elite institution will likely face a more excessive debt burden than students from higher-income families and from other population groups (Price, 2004). While debt becomes a mental and psychological strain on Hispanic families, degree completion

becomes another issue that Hispanics face. While in school, students are dealing with their financial condition, which can influence academic performance (Cude et al., 2006). However, Dowd (2008) indicated that "the low rates of bachelor degree completion among Latinos cannot be addressed without enrolling more Latinos in the four-year sector" (p. 16).

As more Hispanics pursue higher education, research indicates that while some face the inability to pay back their student loans, delinquency and default rates are increasing (Chambers, 1992; Gross et al., 2009). As previously mentioned, Hispanics are more prone to face unemployment and, according to economists, are vulnerable and susceptible in times of financial difficulties (Cohen, 2015). Compared to other groups, Hispanics are less likely to inherit money or receive help from their parents to help pay for educational loans (Cohen, 2015). Economic stability becomes a risk for Hispanic graduates since they have the lowest rate of gainful employment following graduation and they receive minimal to no financial support from their families.

Finally, a recent study by the Center for Retirement Research at Boston College found that American student loan borrowers are at risk of accumulating insufficient retirement savings (Munnell, Hou, & Webb, 2016). The researchers stated that those with debt amounts of \$18,000 (52%) had difficulties trying to save for retirement. When that debt increased to \$31,000, approximately 56% of those Americans trying to save for retirement face challenges as the debt increased so did the probability of having challenges (Munnell et al., 2016, p. 5). The question arises, how does educational indebtedness affect the Hispanic population?

Implications for Society

The population of Hispanics in the U.S. is at 50 million and growing and according to Passel et al. (2011) Hispanics now exceeds 50% of the nation's population growth. Because a large portion of the Hispanic population is considered of low-income status, the growing number of low-income family households has a direct and an indirect impact on the local, state, and national economy. What is alarming, "two-thirds of U.S. Latino children live in low-income households and about one-third live in poverty" (Lilley, 2014, para. 1).

In the State of California, economic disparities are more apparent than before. With the growing Hispanic population, and the educational disparity between Hispanics and non-Hispanics, there is an emergence of a dangerously polarized society where there are less professionals and a smaller educated middle class (Benison & Dowd, 2009). What is increasing is the unskilled labor force which is mainly Hispanic. There is a call for society to increase support for Hispanics to gain access to higher education allowing for more sustainable society (Dowd, 2008). It is also very important that more Hispanics gain access to elite institutions. Gaining such access can help develop more Hispanic leaders who in turn can help inspire and impact local Hispanic communities.

Reduced employment equality for the Hispanic graduates increases the risk of default on their educational loans. Not only are salaries the lowest compared to other groups, but unemployment for Hispanics is also higher (Gross et al., 2009).

The student loan debt crisis has gained traction as a national issue as the national outstanding student loan debt has reached the \$1.3 trillion dollar mark (Ionescu & Ionescu, 2015). Some are calling the student loan debt issue the next bubble that

could burst (National Association of Consumer Bankruptcy Attorneys, 2012). The national economy is becoming more at risk since this issue has yet to be addressed, making Hispanic households even more vulnerable at a time of financial constraints. Holland (2015) wrote that "mounting student loan debt is ricocheting through the United States, now affecting institutions and economic patterns that have been at the core of America's very might" (para. 3). This issue may compound since there is a large Hispanic population and many are of low-income households. Former Republican governor of Indiana and now president of Purdue University, Mitch Daniels, stated that student debt constraints "are postponing marriage, childbearing and home purchases, and . . . pretty evidently limiting the percentage of young people who start a business or try to do something entrepreneurial" (Holland, 2015, para. 4).

A new report amplifies the issue of student loan defaults by sharing a growing attitude:

nearly seven million Americans have gone at least a year without making a payment on their federal student loans, a high level of default that suggests a widening swath of households are unable or unwilling to pay back their school debt. (Mitchell, 2015, para. 1)

In addition to defaulting on student loans, the number of those in delinquency also continues to increase. "Severe delinquencies are rising despite the sharp drop in unemployment over the past year and a big push by the Obama administration to enroll borrowers in programs that lower their monthly payments" (Mitchell, 2015, para. 4).

This problem of default and delinquency is becoming an issue to which leaders of influence are starting to pay attention.

The growing number of year-long-plus delinquencies carries sizable implications for borrowers, taxpayers, and the economy. Economists have warned about student-debt defaults damaging borrowers' credit standing, constraining their ability to borrow for things like cars and homes for years. That in turn would hamper the economy, which relies heavily on consumer purchases for economic activity. Delinquencies also drain government revenues, which are used to make future loans. (Mitchell, 2015, para. 9)

Limited economic opportunities after completion of a college degree could strain Hispanic households. With the increase in the Hispanic population and their low-income household status, there is some risk to the economy when fewer people are able to pay back their educational loans and have less expendable income to purchase other necessary household goods.

What is worse, the Great Recession brought America's economy, along with economies abroad, to a screeching halt and close to a severe financial catastrophe. In that era too many people borrowed for home purchases that they could not afford, and they were unable to meet their loan payments. This put those lending institutions at risk when they did not receive payments from borrowers. If the patterns of the Great Recession and the credit crisis are mirrored by the student debt crisis and default rates, the system could be affected in the same way (Glater, 2015).

Arne Duncan, the U.S. Secretary of Education, discussed President Obama's plan to have America as the global economy leader in the 21st century by having "the best-educated and most competitive workforce in the world" (Duncan, 2010, para. 3). As of a generation ago, the U.S. was the top country with the highest in college graduation

in the world, however, recent figures indicate that the U.S. has dropped to 12th among other developed countries. President Obama's plan is to increase the figure of college graduates to roughly 60% of all Americans by the year 2020 (Duncan, 2010).

America is being challenged by other nations through the increase in college graduates resulting in a well-educated and competitive workforce. The challenge for the U.S. becomes magnified since the workforce is becoming more racially diverse. While the Hispanic population grows, dealing with the racial wealth inequality issue (McKernan, Ratcliffe, Steuerle, & Zhang, 2013), low levels of degree completion for Hispanics, and the stifling of educational debt for Hispanic families, this plan of increasing college attainment will be challenged.

Implications for Governmental Policies

There is an increasing debate about governmental policies aimed at amending the student loan program that is, possibly restricting accessibility to student loans in order to address the student debt crisis (Glater, 2015). According to Glater, this growing concern has been compared to the housing bubble that some say precipitated the Great Recession. When mortgage borrowers were unable to pay back loans because payments exceeded their income capabilities, they walked away from their obligation. Restricting accessibility as a way to address student debt levels is contradictory to the intentions of the Higher Education Act; which were to provide access to lower-income and poor students—and in this case a great number of Hispanics (Glater, 2015).

Legislators might consider addressing grant aid and its funding as a critical way to address this debt issue instead. Glater (2015) stated that "federal aid policies intended to facilitate higher education access have failed to provide grant aid

commensurate with rising costs of attendance, forcing students to take on debt that for some proves devastating" (p. 49). He further explained that appropriate solutions to this issue were to expand grant aid to align with the increases in tuition, and to expand forgiveness programs to help low-income students, like Hispanics, who face mounting and unmanageable debt balances (Glater, 2015).

Implications for Higher Education Institutions

With the rise of student loan debt, higher education institutions are being scrutinized and questioned about what they are doing to help address this issue. In a recent report by the Washington Post, the article named the top 20 schools that represented a fifth of all graduate school debt (Douglas-Gabriel, 2015). Figure 4 displays the 20 schools that received the most graduate-student loan dollars in the 2013-2014 academic year, about \$6.5 billion.

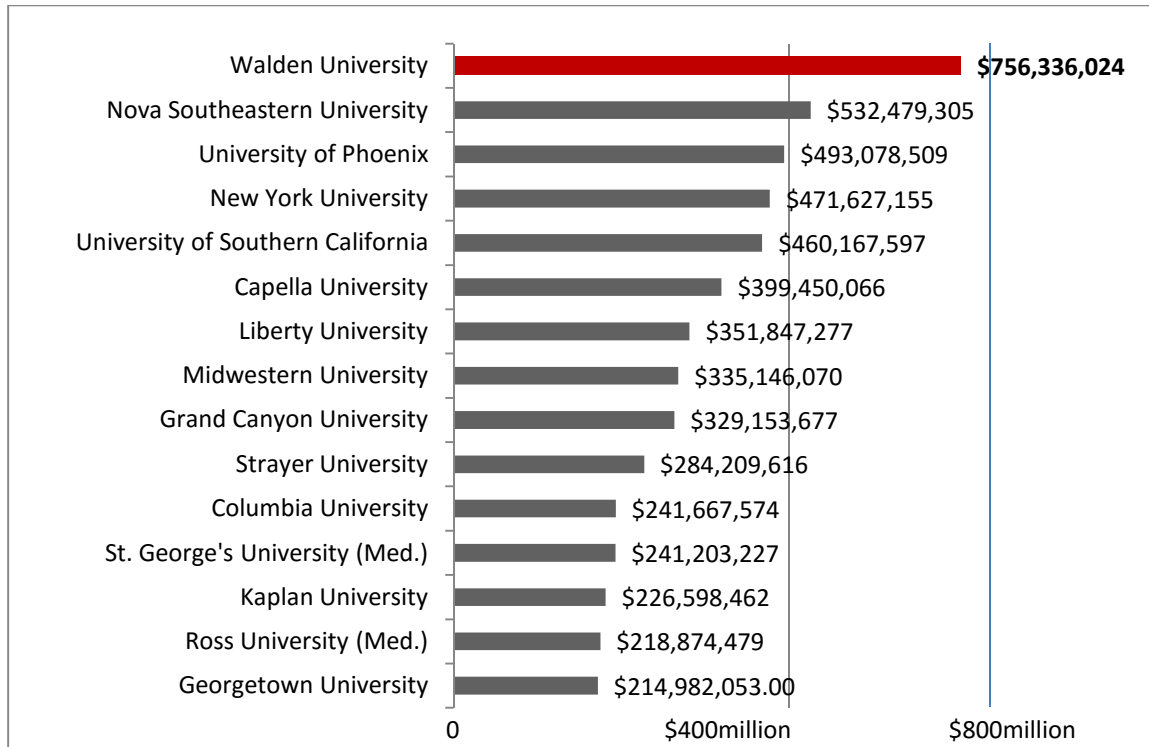


Figure 4. Schools receiving the most graduate-student loan dollars. Schools not listed above that had more than \$185 million in loans include DeVry University, George Washington University, Argosy University, Rutgers University, and Western University of Health Sciences. Adapted from Douglas-Gabriel, 2015.

Although, Douglas-Gabriel (2015) makes a significant point: "the debt taken to attend the 20 schools on its list is not for law or medical degrees that promise hefty paychecks, these schools may have other advantages as well as may be placing their graduates in prominent positions with good salaries. Most graduate students at those schools are seeking master's degrees in journalism, fine arts, or government (para. 3).

As a way to help address the skyrocketing tuition increases by institutions, Gillen (2013) explains how the Department of Education seeks to monitor how well these institutions spend these dollars by measuring the three-year default rate (p. 1). The default rate is "the percentage of a school's borrowers who enter repayment during a fiscal year and default within three years" (Gillen, 2013, p. 2). This accountability tool

helps provide a quantifiable measure of the institution's success in providing gainful employment upon graduation. In addition, since institutions aim at lowering their default rates, they can either lower their tuition or provide education that will help lead to better job outcomes (Gillen, 2013, p. 3).

According to The Institute for College Access & Success (2014), during 2012, a large portion (71%) of all students who graduated from a four-year institution incurred student debt. This report further indicates that the greater number of student loans came from students in the for-profit sector (88%), followed by the private institutions (75%), and those that borrowed less came from public institutions (66%). Although the average debt for all graduating borrowers in 2012 was \$29,400, the average balance from graduates in the for-profit sector was \$39,950, \$32,300 came from graduates in the non-profit institutions, and the lowest was at \$25,550 from those graduates from public institutions. In the same report, 20% or one-fifth of those that graduated with debt in 2012 borrowed using private loans. Private loans are generally more costly and have less protection to such borrowers (The Institute for College Access & Success, 2014). Finally, the report also included that, “graduates who received Pell Grants, most of whom had family incomes under \$40,000, were much more likely to borrow and to borrow more” (The Institute for College Access & Success, 2014, para. 4).

Ultimately, leaders at higher education institutions will need to take more of a proactive role in the way their rising tuition rates affect borrowers and in this case those Hispanics selecting their institutions.

Recommendations for Future Research

Based upon the results of this study, the researcher has made the following recommendations for future research.

- Future research could replicate the present study using a source other than the public data made available through the NCES website. Using the public data available through NCES constrains research since the data is restricted. Instead, future research could use unrestricted data to allow flexibility of data utilization when analyzing the Hispanic population and the implications of their educational indebtedness without violating the privacy issue.
- Future research could use a different methodology, such as a qualitative or mixed approach, reviewing the Hispanic population and the implications of student loan debt using the same variables (financial difficulties, delay of home purchase, delay of marriage, and delay of having children), which could expand on the research.
- A future study could research the same population and review the implications of student loan debt on saving for retirement. While certain literature discusses implications for the general population, there is a gap in current research on the impact on the Hispanic population.
- Future research could study rates of student loan default and delinquency in the Hispanic population. Since the present study analyzes financial difficulties, research could expand on those cases that lead to default or delinquency.

- Future research could study the Black population and the implications of student loan debt for their plans for the future since the Hispanic and Black population are considered low-income.
- Future research could study the Hispanic population and choice of educational institution; specifically the low enrollment in elite institutions. Hispanics generally choose public institutions and not elite institutions because of higher tuition rates.
- Future research could provide the support for more grant money being awarded to fulfill the growing gap between tuition and family contribution by the private non-profit institutions in helping Hispanics and Black African Americans enrolled in those institutions.
- Future research could study the impact of programs like the Promise Scholarship on the Hispanic population. Specifically, it could analyze how many Hispanics participate in such programs and the success rate with regard to both graduation and gainful employment.

Conclusions

This study was a correlational non-experimental research project. It used both descriptive and correlational statistics to reveal the differences between Hispanic and non-Hispanics using four dimensions that help social mobility upon graduation from higher education; financial difficulty, home affordability, marriage, and having children.

The research revealed significant issues associated with current educational funding policies: the ongoing tuition increases implemented by educational institutions, current legislation addressing accessibility and funding, the lack of parental resources to

inform them on college access and funding, and other socioeconomic issues that Hispanic graduates face upon graduation.

Since the Great Recession, this issue of the indebtedness of Hispanic graduates has become even more significant. More Hispanic graduates are unable to pay back their loans and are unable to find employment adequate enough to live the American dream by purchasing a home and forming a family. The compounding effects of potential defaults will extend throughout the economy.

Certain leaders of influence try to address this issue through policy reform, innovative programs leading to free tuition and alleviation of student loan repayment. Still, several other influencers inhibit progress towards better solutions. Cesar Chavez, a prominent leader in the Hispanic movement, stated in one of his speeches:

Real education should consist of drawing the goodness and the best out of our own students. What better books can there be than the book of humanity (Cesar Chavez Foundation, 2016).

We must work together to help address economic inequality in America known as a land of opportunity. I pose a question for all of us to answer: *Are America's leaders willing to let the largest and growing minority group continue to struggle financially and to shackle their economic progress?*

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APPENDIX A

Pepperdine University IRB Approval Letter



Pepperdine University
24255 Pacific Coast Highway
Malibu, CA 90263
TEL: 310-506-4000

NOTICE OF APPROVAL FOR HUMAN RESEARCH

Date: February 04, 2016

Protocol Investigator Name: Eric Rodriguez

Protocol #: 15-07-013

Project Title: STUDENT LOAN DEBT IMPLICATIONS FOR HISPANIC STUDENTS WHO HAVE GRADUATED FROM COLLEGE

School: Graduate School of Education and Psychology

Dear Eric Rodriguez:

Thank you for submitting your application for exempt review to Pepperdine University's Institutional Review Board (IRB). We appreciate the work you have done on your proposal. The IRB has reviewed your submitted IRB application and all ancillary materials. Upon review, the IRB has determined that the above entitled project meets the requirements for exemption under the federal regulations 45 CFR 46.101 that govern the protections of human subjects.

Your research must be conducted according to the proposal that was submitted to the IRB. If changes to the approved protocol occur, a revised protocol must be reviewed and approved by the IRB before implementation. For any proposed changes in your research protocol, please submit an amendment to the IRB. Since your study falls under exemption, there is no requirement for continuing IRB review of your project. Please be aware that changes to your protocol may prevent the research from qualifying for exemption from 45 CFR 46.101 and require submission of a new IRB application or other materials to the IRB.

A goal of the IRB is to prevent negative occurrences during any research study. However, despite the best intent, unforeseen circumstances or events may arise during the research. If an unexpected situation or adverse event happens during your investigation, please notify the IRB as soon as possible. We will ask for a complete written explanation of the event and your written response. Other actions also may be required depending on the nature of the event. Details regarding the timeframe in which adverse events must be reported to the IRB and documenting the adverse event can be found in the *Pepperdine University Protection of Human Participants in Research: Policies and Procedures Manual* at community.pepperdine.edu/irb.

Please refer to the protocol number denoted above in all communication or correspondence related to your application and this approval. Should you have additional questions or require clarification of the contents of this letter, please contact the IRB Office. On behalf of the IRB, I wish you success in this scholarly pursuit.

Sincerely,

Judy Ho, Ph.D., IRB Chairperson

cc: Dr. Lee Kats, Vice Provost for Research and Strategic Initiatives